

115TH CONGRESS }  
2d Session

HOUSE OF REPRESENTATIVES

{ REPORT  
115-816

**CONCURRENT RESOLUTION  
ON THE BUDGET—  
FISCAL YEAR 2019**

---

**R E P O R T**

OF THE

**COMMITTEE ON THE BUDGET  
HOUSE OF REPRESENTATIVES**

TO ACCOMPANY

**H. Con. Res. 128**

ESTABLISHING THE BUDGET FOR THE UNITED STATES GOVERNMENT FOR FISCAL YEAR 2019 AND SETTING FORTH APPROPRIATE BUDGETARY LEVELS FOR FISCAL YEARS 2020 THROUGH 2028

together with  
**MINORITY VIEWS**



JULY 13, 2018.—COMMITTED TO THE COMMITTEE OF THE WHOLE HOUSE  
ON THE STATE OF THE UNION AND ORDERED TO BE PRINTED

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U.S. GOVERNMENT PUBLISHING OFFICE

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LEVELS FOR FISCAL YEARS 2020 THROUGH 2028

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JULY 13, 2018.—Committed to the Committee of the Whole House on the State of  
the Union and ordered to be printed

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Mr. WOMACK, from the Committee on the Budget,  
submitted the following

R E P O R T

together with

MINORITY VIEWS

[To accompany H. Con. Res. 128]





## INTRODUCTION

---

The federal government's financial health is critical, and the nation is on the brink of a fiscal crisis. Spending is out of control, rising at unsustainable rates. Deficits continue to grow and are projected to exceed \$1 trillion annually in just two years.<sup>1</sup> The government's publicly held debt, already at historically high levels, is on course to reach the size of the entire economy within the decade. The trust funds of the two major social insurance programs on which millions of Americans depend—Social Security and Medicare—are approaching depletion, which will force deep and automatic cuts in benefits, *as required by law*.<sup>2</sup>

These increases in spending, particularly mandatory spending, deficits, and debt are unsustainable. House Republicans have long warned that Congress must act in response to the warning signs and create a sustainable path for the future. While the task is daunting and made worse by years of inattention, it is possible to change the current course and secure a brighter future for generations to come. However, in order to change course in the long-term, Congress must commit to and make tough decisions about the nation's finances in the short-term.

This fiscal blueprint follows these guidelines:

- *Balancing the Budget.* The resolution draws a path toward a balanced budget within nine years, without raising taxes. The national debt is already an impediment to greater prosperity and a threat to the security of future generations. This committee's budget significantly reduces spending and reforms programs to put the government on a sustainable spending path.
- *Promoting Economic Growth.* This budget builds on the successes of the Tax Cuts and Jobs Act, further promoting economic growth and encouraging job creation. The pro-growth policies in this budget include deficit reduction, spending restraint, welfare reform, Affordable Care Act repeal-and-replace legislation, and regulatory reform. All can promote more robust growth over the longer term.
- *Ensuring a Strong National Defense.* Defending America's security is the highest priority of the federal government. To that end, this budget supports robust funding of troop training, equipment, compensation, and improved readiness.
- *Improving the Sustainability of Medicare.* Retirees should be able to choose a health coverage plan best suited to their par-

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<sup>1</sup>*The Budget and Economic Outlook: 2018 to 2028*, Congressional Budget Office, April 9, 2018, <https://www.cbo.gov/publication/53651>, Summary Table 2.

<sup>2</sup>*The Budget and Economic Outlook: 2018 to 2028*, Appendix C.

ticular needs, rather than accept a set of benefits dictated by Washington. The Medicare program should ensure doctors and patients make health care decisions for themselves while promoting competition among insurers to expand choices of coverage and restrain costs. Reforms such as these will have the added benefit of improving Medicare's long-term financial condition, ensuring it will be there for future generations.

- *Restoring the Proper Role of State and Local Governments.* The budget encourages the innovation and creativity outside Washington. Under this budget, states and localities would reclaim their rightful authority to tailor programs in areas such as education, transportation, welfare, and environmental stewardship. They possess not only the ability but also the will to reform and modernize programs that serve their citizens. The laboratories of democracy, not the federal government, are where these reforms should happen.
- *Reforming Government Programs while Improving Accountability.* Every tax dollar collected by the federal government was generated by private-sector economic activity. Responsible stewardship of taxpayer dollars is a fundamental component of the budget resolution. At every opportunity possible, the budget reforms government programs and improves accountability while generating better outcomes for Americans.

TABLE 1.—FISCAL YEAR 2019 BUDGET RESOLUTION TOTAL SPENDING AND REVENUE

[in millions of dollars]

Fiscal Year	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2019-2023	2019-2028
<b>SUMMARY</b>												
Total Spending:												
BA .....	4,397,738	4,471,914	4,614,675	4,793,311	4,983,642	5,134,363	5,260,959	5,448,523	5,629,406	5,760,730	23,261,280	50,495,262
OT .....	4,292,575	4,435,607	4,590,374	4,790,658	4,955,040	5,087,746	5,224,407	5,418,108	5,593,121	5,757,798	23,064,255	50,145,436
On-Budget:												
BA .....	3,478,974	3,488,774	3,563,231	3,669,991	3,783,347	3,856,688	3,899,811	4,005,410	4,094,293	4,125,676	17,984,316	37,966,194
OT .....	3,379,438	3,458,307	3,545,070	3,673,780	3,761,485	3,817,215	3,870,702	3,982,738	4,066,253	4,131,191	17,818,080	37,686,179
Off-Budget:												
BA .....	918,764	983,140	1,051,444	1,123,320	1,200,296	1,277,674	1,361,149	1,443,113	1,535,113	1,635,054	5,276,964	12,529,067
OT .....	913,137	977,301	1,045,304	1,116,878	1,193,555	1,270,531	1,353,706	1,435,370	1,526,868	1,626,607	5,246,175	12,459,257
Revenues:												
Total .....	3,489,690	3,677,652	3,826,597	4,012,070	4,227,744	4,444,106	4,662,760	5,001,622	5,299,271	5,520,231	19,233,753	44,161,743
On-Budget .....	2,590,496	2,736,347	2,845,396	2,990,130	3,164,364	3,338,062	3,513,201	3,807,248	4,058,110	4,229,859	14,326,733	33,273,213
Off-Budget .....	899,194	941,305	981,201	1,021,940	1,063,380	1,106,044	1,149,559	1,194,374	1,241,161	1,290,372	4,907,020	10,888,530
Recommended Change in Revenues (vs. CB0 Baseline):												
Total .....	0	0	0	0	0	0	0	0	0	0	0	0
On-Budget .....	0	0	0	0	0	0	0	0	0	0	0	0
Off-Budget .....	0	0	0	0	0	0	0	0	0	0	0	0
Surplus/Deficit(-):												
Total .....	-792,885	-737,955	-713,777	-698,588	-597,296	-463,640	-331,647	-146,486	26,150	142,433	-3,540,502	-4,313,693
Macroeconomic Impact on the Deficit ..	10,000	20,000	50,000	80,000	130,000	180,000	230,000	270,000	320,000	380,000	290,000	1,670,000
On-Budget .....	-788,942	-721,960	-699,674	-683,650	-597,121	-479,153	-357,501	-175,490	-8,143	98,668	-3,491,347	-4,412,966
Off-Budget .....	-13,943	-35,996	-64,103	-94,938	-130,175	-164,487	-204,147	-240,996	-285,707	-336,235	-339,155	-1,570,727
Debt Held by the Public (end of year) .....	16,588,177	17,363,858	18,125,630	18,869,457	19,512,838	20,026,824	20,412,479	20,614,633	20,645,322	20,560,545		
Debt Subject to Limit (end of year) .....	22,356,469	23,216,315	24,010,615	24,735,181	25,350,001	25,832,181	26,124,404	26,275,988	26,109,909	25,750,525		
<b>BY FUNCTION</b>												
National Defense (050):												
BA .....	656,500	689,121	723,190	726,804	730,442	734,111	737,806	741,523	745,277	748,489	3,526,057	7,233,263
OT .....	633,352	655,961	689,135	709,118	711,516	713,215	722,903	726,681	730,451	739,313	3,399,082	7,031,645
International Affairs (150):												
BA .....	47,895	49,063	49,178	47,379	48,479	49,711	50,843	52,031	53,207	54,401	241,994	502,187

TABLE 1.—FISCAL YEAR 2019 BUDGET RESOLUTION TOTAL SPENDING AND REVENUE—Continued  
[in millions of dollars]

Fiscal Year	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2019-2023	2019-2028
OT .....	43,551	44,417	45,351	45,574	46,321	47,044	47,790	48,809	49,880	51,019	225,214	469,756
General Science, Space and Technology (250):												
BA .....	29,497	30,175	30,901	31,630	32,361	33,151	33,910	34,674	35,474	36,278	154,564	328,051
OT .....	31,478	30,856	30,914	31,267	31,751	32,457	33,169	33,923	34,688	35,484	156,266	325,987
Energy (270):												
BA .....	-2,562	2,737	-11,118	1,118	790	1,116	808	618	625	3,314	-9,035	-2,554
OT .....	4,224	3,644	-10,770	978	158	339	35	-147	70	2,764	-1,766	1,295
Natural Resources & Environment (300):												
BA .....	52,244	54,086	54,651	54,507	56,796	57,821	58,540	60,592	62,269	63,955	272,284	575,461
OT .....	37,591	37,858	38,560	38,500	40,777	41,991	43,300	45,923	48,204	50,499	193,286	423,203
Agriculture (350):												
BA .....	23,466	21,993	23,323	21,182	21,744	22,245	22,777	23,544	23,708	24,423	111,708	228,405
OT .....	22,546	21,811	22,940	20,551	21,051	21,537	22,032	22,826	22,979	23,668	108,899	221,941
Commerce & Housing Credit (370):												
On-Budget:												
BA .....	-4,325	-10,200	-7,681	-8,337	-8,456	-6,951	-5,095	-5,225	-5,211	-5,714	-38,999	-67,195
OT .....	-9,672	-16,540	-15,519	-17,403	-17,850	-16,399	-15,392	-15,083	-15,850	-15,759	-76,984	-155,467
Off-Budget:												
BA .....	-1,804	-2,034	-1,071	-133	-195	-2,192	-2,179	-2,155	-2,141	-2,109	-5,237	-16,013
OT .....	-1,805	-2,034	-1,071	-134	-195	-2,193	-2,180	-2,156	-2,142	-2,110	-5,239	-16,020
Transportation (400):												
BA .....	95,233	88,996	70,979	71,617	72,400	73,241	73,995	74,919	75,995	76,947	399,225	774,322
OT .....	92,465	93,556	91,134	82,757	79,100	77,767	76,819	76,375	76,730	77,208	439,012	823,911
Community & Regional Development (450):												
BA .....	74,678	76,515	78,061	79,707	81,455	83,389	85,269	87,176	89,092	90,978	390,416	826,320
OT .....	44,532	49,572	51,887	56,856	58,222	63,143	68,023	72,584	76,130	79,533	261,069	620,482
Education, Training, Employment, and Social Services (500):												
BA .....	89,643	98,245	99,900	98,956	97,736	97,412	98,529	99,359	100,277	102,041	484,480	982,098
OT .....	105,795	98,277	99,773	99,596	98,801	98,190	99,054	99,997	100,930	102,520	502,242	1,002,933
Health (550):												
BA .....	577,947	535,605	493,983	539,822	562,960	574,422	598,546	624,915	634,591	656,144	2,710,317	5,798,935
OT .....	529,709	513,181	484,274	526,335	547,080	567,644	591,133	615,878	633,703	652,492	2,600,579	5,661,429



TABLE 1.—FISCAL YEAR 2019 BUDGET RESOLUTION TOTAL SPENDING AND REVENUE—Continued

[In millions of dollars]

Fiscal Year	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2019-2023	2019-2028
Off-Budget:												
BA .....	-17,817	-18,461	-19,125	-19,777	-20,426	-21,085	-21,754	-22,437	-23,134	-23,851	-95,606	-207,867
OT .....	-17,817	-18,461	-19,125	-19,777	-20,426	-21,085	-21,754	-22,437	-23,134	-23,851	-95,606	-207,867
Overseas Contingency Operations/ Global War on Terrorism (970):												
BA .....	77,000	60,000	43,000	26,000	12,000	12,000	12,000	0	0	0	218,000	242,000
OT .....	38,862	48,555	43,438	32,507	19,877	14,622	12,585	4,470	1,274	363	183,239	216,553

**Notes:**

1. Only on-budget amounts for fiscal years 2019-2028 are entered into the budget resolution legislative text. Off-budget amounts are shown for display purposes only.  
2. The Office of Management and Budget and the Congressional Budget Office do not separately track outlays for Overseas Contingency Operations/Global War on Terrorism (GWOT) once funds have been appropriated. The budget therefore, shows in function 370 OCO/GWOT outlays that result from new budget authority occurring in fiscal years 2019-2028 only. Outlays resulting from OCO/GWOT activity prior to fiscal year 2018 are included in budget functions 050 and 150.

TABLE 2.—FISCAL YEAR 2019 BUDGET RESOLUTION DISCRETIONARY SPENDING

[In millions of dollars]

Fiscal Year	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2019-2023	2019-2028
<b>SUMMARY</b>												
Total Spending:												
BA .....	1,321,570	1,282,005	1,311,463	1,297,978	1,287,493	1,291,010	1,294,526	1,286,041	1,289,558	1,291,575	6,500,509	12,953,219
OT .....	1,336,104	1,344,189	1,353,840	1,350,740	1,331,814	1,323,564	1,329,637	1,323,723	1,323,253	1,329,576	6,716,686	13,346,439
Base Defense (050):												
BA .....	647,000	679,350	713,318	716,818	720,318	723,818	727,318	730,818	734,318	736,318	3,476,804	7,129,394
OT .....	623,968	646,334	679,245	698,966	701,183	702,684	712,214	715,814	719,380	727,091	3,349,696	6,926,879
Base Non Defense:												
BA .....	597,000	542,071	554,546	554,546	554,546	554,546	554,546	554,546	554,546	554,546	2,802,709	5,575,439
OT .....	673,172	648,966	630,628	618,683	610,150	605,639	604,203	602,789	601,932	601,439	3,181,598	6,197,600
<b>BY FUNCTION</b>												
National Defense (050):												
BA .....	647,000	679,350	713,318	716,818	720,318	723,818	727,318	730,818	734,318	736,318	3,476,804	7,129,394
OT .....	623,968	646,334	679,245	698,966	701,183	702,684	712,214	715,814	719,380	727,091	3,349,696	6,926,879

International Affairs (150):													
BA .....	44,167	45,252	46,319	47,371	48,450	49,654	50,773	51,908	53,077	54,264	231,559	491,235	
OT .....	47,332	46,466	46,768	46,886	47,587	48,227	48,969	49,962	51,074	52,245	235,039	485,516	
General Science, Space and Technology (250):													
BA .....	29,355	30,028	30,760	31,489	32,220	33,010	33,769	34,533	35,333	36,137	153,852	326,634	
OT .....	31,353	30,722	30,778	31,129	31,611	32,317	33,029	33,783	34,548	35,344	155,593	324,614	
Energy (270):													
BA .....	-1,314	3,477	3,448	3,457	3,505	3,869	3,645	3,729	3,817	3,905	12,573	31,538	
OT .....	6,354	5,359	4,512	3,935	3,601	3,810	3,580	3,668	3,751	3,834	23,761	42,404	
Natural Resources & Environment (300):													
BA .....	52,630	54,059	55,586	57,120	58,683	60,338	61,937	63,571	65,288	66,995	278,078	596,207	
OT .....	37,270	38,283	39,707	41,347	42,865	44,627	46,767	48,942	51,200	53,489	199,472	444,497	
Agriculture (350):													
BA .....	9,122	9,381	9,658	9,938	10,217	10,512	10,800	11,090	11,399	11,704	48,316	103,821	
OT .....	8,910	9,305	9,573	9,807	10,064	10,354	10,630	10,918	11,223	11,521	47,659	102,305	
Commerce & Housing Credit (370):													
On-Budget..:													
BA .....	-9,927	-15,826	-13,414	-11,894	-10,620	-8,894	-7,852	-7,260	-7,154	-7,041	-61,681	-99,882	
OT .....	-9,557	-15,779	-13,610	-12,103	-10,749	-9,021	-8,011	-7,420	-7,307	-7,215	-61,798	-100,772	
Off-Budget..:													
BA .....	271	281	292	303	314	326	337	349	362	374	1,461	3,209	
OT .....	270	281	292	302	314	325	336	348	361	373	1,459	3,202	
Transportation (400):													
BA .....	34,614	35,179	35,566	36,080	36,682	37,316	37,944	38,755	39,598	38,734	178,121	370,468	
OT .....	91,392	93,170	91,393	83,659	80,543	79,771	79,430	79,610	80,486	79,903	440,157	839,357	
Community & Regional Development (450):													
BA .....	74,766	76,258	77,977	79,679	81,415	83,295	85,081	86,893	88,763	90,652	390,095	824,779	
OT .....	43,903	49,861	52,164	57,062	58,439	63,390	68,337	72,934	76,512	79,845	261,429	622,447	
Education, Training, Employment, and Social Services (500):													
BA .....	92,974	101,868	103,203	104,488	106,284	108,394	110,695	112,904	115,258	117,708	508,817	1,073,776	
OT .....	100,670	100,401	102,198	103,192	104,810	106,620	108,779	110,948	113,220	115,565	511,271	1,066,403	
Health (550):													
BA .....	71,108	72,355	73,468	74,433	75,283	76,252	77,206	78,206	79,322	80,460	366,647	758,093	
OT .....	69,729	70,628	71,692	72,517	73,228	73,977	74,782	75,757	76,792	77,892	357,794	736,994	
Medicare (570):													
BA .....	7,649	8,060	8,494	8,949	9,425	9,909	10,419	10,924	11,443	11,962	42,577	97,234	
OT .....	7,554	7,981	8,409	8,860	9,333	9,814	10,319	10,825	11,342	11,861	42,137	96,298	

TABLE 2.—FISCAL YEAR 2019 BUDGET RESOLUTION DISCRETIONARY SPENDING—Continued  
[In millions of dollars]

Fiscal Year	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2019-2023	2019-2028
Income Security (600):												
BA .....	75,604	77,598	80,009	82,323	84,287	86,377	88,366	90,332	92,341	94,320	399,821	851,557
OT .....	73,552	76,347	78,960	81,418	83,297	85,235	87,211	89,062	91,190	93,098	393,574	839,370
Social Security (650):												
On-Budget:												
BA .....	0	0	0	0	0	0	0	0	0	0	0	0
OT .....	0	0	0	0	0	0	0	0	0	0	0	0
Off-Budget:												
BA .....	6,226	6,429	6,642	6,858	7,072	7,296	7,521	7,747	7,985	8,228	33,227	72,004
OT .....	6,200	6,390	6,602	6,817	7,031	7,254	7,479	7,705	7,941	8,182	33,040	71,601
Veterans Benefits and Services (700):												
BA .....	86,845	89,535	92,397	95,260	98,120	101,105	104,097	107,119	110,271	113,499	462,157	998,248
OT .....	83,159	87,714	90,826	93,667	96,403	99,270	102,225	105,204	108,297	111,471	451,769	978,236
Administration of Justice (750):												
BA .....	59,589	61,411	63,680	65,553	67,804	69,944	72,089	74,264	76,533	78,860	318,037	689,727
OT .....	59,695	61,597	64,369	65,827	67,610	69,383	71,512	73,686	75,934	78,250	319,099	687,863
General Government (800):												
BA .....	16,432	17,339	17,342	17,561	17,771	21,345	21,573	21,796	22,031	22,267	86,445	195,457
OT .....	16,204	16,961	16,897	17,181	17,371	20,749	21,169	21,388	21,612	21,842	84,614	191,374
Allowances (920):												
BA .....	-17,572	-90,121	-96,762	-100,962	-104,365	-108,496	-111,847	-114,927	-118,365	-119,889	-409,782	-983,306
OT .....	-9,243	-52,559	-79,612	-91,823	-98,054	-103,817	-107,462	-110,720	-114,001	-116,357	-331,291	-883,648
Government-Wide Savings (930):												
BA .....	-34,969	-39,908	-39,520	-52,846	-67,372	-86,360	-101,345	-116,710	-132,062	-147,882	-234,615	-818,974
OT .....	8,527	16,172	9,238	-414	-14,551	-36,027	-54,243	-73,161	-91,575	-109,021	18,973	-345,054
Overseas Contingency Operations/ Global War on Terrorism (970):												
BA .....	77,000	60,000	43,000	26,000	12,000	12,000	12,000	0	0	0	218,000	242,000
OT .....	38,862	48,555	43,438	32,507	19,877	14,622	12,585	4,470	1,274	363	183,239	216,553



TABLE 3.—FISCAL YEAR 2019 BUDGET RESOLUTION MANDATORY SPENDING  
[In millions of dollars]

Fiscal Year	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2019-2023	2019-2028
<b>SUMMARY</b>												
Total Spending:												
BA .....	3,076,168	3,189,909	3,303,212	3,495,333	3,696,149	3,843,353	3,966,433	4,162,482	4,339,848	4,469,155	16,760,771	37,542,043
OT .....	2,956,471	3,091,418	3,236,535	3,439,918	3,623,226	3,764,183	3,894,770	4,094,385	4,269,868	4,428,222	16,347,568	36,798,997
On-Budget:												
BA .....	2,163,901	2,213,479	2,258,702	2,379,174	2,503,240	2,573,300	2,613,143	2,727,465	2,813,082	2,842,703	11,518,495	25,088,188
OT .....	2,049,804	2,120,788	2,198,125	2,330,159	2,437,017	2,501,230	2,548,880	2,667,068	2,751,302	2,810,170	11,135,892	24,414,542
Off-Budget:												
BA .....	912,267	976,430	1,044,510	1,116,159	1,192,910	1,270,052	1,353,291	1,435,017	1,526,766	1,626,452	5,242,276	12,453,854
OT .....	906,667	970,630	1,038,410	1,109,759	1,186,210	1,262,952	1,345,891	1,427,317	1,518,566	1,618,052	5,211,676	12,384,454
<b>BY FUNCTION</b>												
National Defense (050):												
BA .....	9,500	9,771	9,872	9,986	10,124	10,293	10,488	10,705	10,959	12,171	49,253	103,869
OT .....	9,384	9,627	9,890	10,152	10,333	10,531	10,689	10,867	11,071	12,222	49,386	104,766
International Affairs (150):												
BA .....	3,728	3,811	2,859	8	29	57	70	123	130	137	10,435	10,952
OT .....	-3,781	-2,049	-1,417	-1,312	-1,266	-1,183	-1,179	-1,153	-1,194	-1,226	-9,825	-15,760
General Science, Space and Technology (250):												
BA .....	142	147	141	141	141	141	141	141	141	141	712	1,417
OT .....	125	134	136	138	140	140	140	140	140	140	673	1,373
Energy (270):												
BA .....	-1,248	-740	-14,566	-2,339	-2,715	-2,753	-2,837	-3,111	-3,192	-591	-21,608	-34,092
OT .....	-2,130	-1,715	-15,282	-2,957	-3,443	-3,471	-3,545	-3,815	-3,681	-1,070	-25,527	-41,109
Natural Resources & Environment (300):												
BA .....	-386	27	-935	-2,613	-1,887	-2,517	-3,397	-2,979	-3,019	-3,040	-5,794	-20,746
OT .....	321	-425	-1,147	-2,847	-2,088	-2,636	-3,467	-3,019	-2,996	-2,990	-6,186	-21,294
Agriculture (350):												
BA .....	14,344	12,612	13,665	11,244	11,527	11,733	11,977	12,454	12,309	12,719	63,392	124,584
OT .....	13,636	12,506	13,367	10,744	10,987	11,183	11,402	11,908	11,756	12,147	61,240	119,636

TABLE 3.—FISCAL YEAR 2019 BUDGET RESOLUTION MANDATORY SPENDING—Continued  
[In millions of dollars]

Fiscal Year	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2019-2023	2019-2028
Commerce & Housing Credit (370):												
On-Budget:												
BA .....	5,602	5,626	5,733	3,557	2,164	1,943	2,757	2,035	1,943	1,327	22,682	32,687
OT .....	-115	-761	-1,909	-5,300	-7,101	-7,378	-7,381	-7,663	-8,543	-8,544	-15,186	-54,695
Off-Budget:												
BA .....	-2,075	-2,315	-1,363	-436	-509	-2,518	-2,516	-2,504	-2,503	-2,483	-6,698	-19,222
OT .....	-2,075	-2,315	-1,363	-436	-509	-2,518	-2,516	-2,504	-2,503	-2,483	-6,698	-19,222
Transportation (400):												
BA .....	60,619	53,817	35,413	35,537	35,718	35,925	36,051	36,164	36,397	38,213	221,104	403,854
OT .....	1,073	386	-259	-902	-1,443	-2,004	-2,611	-3,235	-3,756	-2,695	-1,145	-15,446
Community & Regional Development (450):												
BA .....	-88	257	84	28	40	94	188	283	329	326	321	1,541
OT .....	629	-289	-277	-206	-217	-247	-314	-350	-382	-312	-360	-1,965
Education, Training, Employment, and Social Services (500):												
BA .....	-3,331	-3,623	-3,303	-5,532	-8,548	-10,982	-12,166	-13,545	-14,981	-15,667	-24,337	-91,678
OT .....	5,125	-2,124	-2,425	-3,596	-6,009	-8,430	-9,725	-10,951	-12,290	-13,045	-9,029	-63,470
Health (550):												
BA .....	506,839	463,250	420,515	465,389	487,677	498,170	521,340	546,709	555,269	575,684	2,343,670	5,040,842
OT .....	459,980	442,553	412,582	453,818	473,852	493,667	516,351	540,121	556,911	574,600	2,242,785	4,924,435
Medicare (570):												
BA .....	640,390	667,266	718,738	804,200	822,214	819,218	894,520	951,228	1,011,917	1,138,864	3,652,808	8,468,555
OT .....	640,109	667,012	718,447	803,919	821,938	818,940	894,240	950,937	1,011,631	1,138,576	3,651,425	8,465,749
Income Security (600):												
BA .....	413,742	407,070	414,913	425,975	434,478	417,728	425,124	432,979	425,032	432,507	2,096,178	4,230,548
OT .....	405,617	399,646	407,421	424,965	428,408	406,938	415,216	428,893	418,541	430,853	2,066,057	4,166,498
Social Security (650):												
On-Budget:												
BA .....	35,977	39,035	42,028	45,053	48,312	51,893	55,894	66,328	72,886	78,066	210,405	535,472
OT .....	35,977	39,035	42,028	45,053	48,312	51,893	55,894	66,328	72,886	78,066	210,405	535,472
Off-Budget:												
BA .....	1,012,880	1,076,307	1,143,404	1,213,691	1,287,970	1,364,874	1,445,680	1,523,890	1,610,659	1,703,273	5,734,252	13,382,628
OT .....	1,007,280	1,070,507	1,137,304	1,207,291	1,281,270	1,357,774	1,438,280	1,516,190	1,602,459	1,694,873	5,703,652	13,313,228

Veterans Benefits and Services (700):													
BA	109,529	112,980	116,388	120,231	122,927	126,073	130,675	134,673	138,840	144,626	582,055	1,256,942	
OT	111,002	112,928	116,231	128,881	123,055	116,659	130,404	134,375	138,518	155,316	592,097	1,267,369	
Administration of Justice (750):													
BA	-1,327	3,561	1,798	1,542	1,246	929	562	-52	-506	-958	6,820	6,795	
OT	3,262	3,343	4,527	2,545	1,485	887	613	-14	-528	-1,060	15,162	15,060	
General Government (800):													
BA	6,859	7,015	6,926	7,594	7,021	7,064	7,437	7,213	7,245	7,272	35,415	71,646	
OT	6,759	6,965	6,844	7,556	7,004	7,048	7,406	7,176	7,207	7,234	35,128	71,199	
Net Interest (900):													
On-Budget:													
BA	468,919	557,681	634,898	693,003	731,591	747,462	756,694	768,371	778,354	784,714	3,086,091	6,921,686	
OT	468,919	557,681	634,898	693,003	731,591	747,462	756,694	768,371	778,354	784,714	3,086,091	6,921,686	
Off-Budget:													
BA	-80,721	-79,101	-78,406	-77,319	-74,125	-71,219	-68,119	-63,932	-58,256	-50,487	-389,672	-701,685	
OT	-80,721	-79,101	-78,406	-77,319	-74,125	-71,219	-68,119	-63,932	-58,256	-50,487	-389,672	-701,685	
Allowances (920):													
BA	0	-4,236	-1,521	-1,790	-1,653	-1,818	-1,808	-1,799	-1,842	1,819	-9,200	-14,648	
OT	0	-1,737	-728	-1,527	-1,370	-1,434	-1,399	-1,413	-1,436	63	-5,362	-10,981	
Government-Wide Savings (930):													
BA	-22,969	-37,114	-56,173	-140,546	-104,823	-36,149	-107,672	-111,067	-102,498	-237,507	-361,625	-956,518	
OT	-23,148	-37,194	-56,031	-140,474	-104,808	-36,131	-107,653	-111,047	-107,276	-224,699	-361,655	-948,461	
Undistributed Offsetting Receipts (950):													
On-Budget:													
BA	-82,940	-84,734	-88,771	-91,494	-92,343	-101,204	-112,895	-109,388	-113,631	-128,120	-440,282	-1,005,520	
OT	-82,940	-84,734	-88,771	-91,494	-92,343	-101,204	-112,895	-109,388	-113,631	-128,120	-440,282	-1,005,520	
Off-Budget:													
BA	-17,817	-18,461	-19,125	-19,777	-20,426	-21,085	-21,754	-22,437	-23,134	-23,851	-95,606	-207,867	
OT	-17,817	-18,461	-19,125	-19,777	-20,426	-21,085	-21,754	-22,437	-23,134	-23,851	-95,606	-207,867	



## THE LONG-TERM BUDGET OUTLOOK

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The U.S. faces a perilous long-term fiscal trajectory. Publicly held debt as a share of the economy is at 78 percent this year and will rise to a whopping 96 percent of the economy over the next 10 years, according to Congressional Budget Office (CBO).<sup>1</sup> That debt share would be the highest since just after World War II in 1946 and would be more than twice the average level over the past 50 years. Under most long-term fiscal projections of current law, this debt share of gross domestic product (GDP) will rise even higher in subsequent decades as a result of out-of-control entitlement spending, particularly in the Medicare program. This large increasing debt is unsustainable because its growth exceeds that of the overall economy. As a result, debt service costs will absorb an increasing share of national income and the country will have to increase borrowing each year, likely in the face of higher interest rates, in order to fund ongoing services and support previous debt commitments.

Currently, interest costs on the debt are relatively modest. However, they are set to explode in future years. As interest rates increase from historically low levels and the country's stock of debt continues to rise, CBO predicts that net interest costs will nearly triple from \$316 billion in fiscal year 2019 to \$915 billion by the end of the 10-year budget window. In fact, annual interest payments on the national debt are poised to exceed annual defense spending by 2023.

Increased public debt tends to soak up private domestic savings and, therefore, "crowds out" private investment that would otherwise help to grow the economy. Elevated debt levels also tend to lead to higher government borrowing rates as investors become more cautious about the country's fiscal situation and its ability to repay debt commitments. A sharp rise in interest rates would immediately ripple throughout the economy. It would increase the economy-wide cost of credit because nearly all consumer-borrowing rates are linked in some respect to longer-term Treasury rates. As Treasury rates increase, rates on mortgages, credit cards, and car loans would soon follow. Higher interest rates and a crowding out of private investment would ultimately have a severe, negative impact on growth and jobs and would lead to a reduced standard of living for future generations.

The main driver of long-term deficits and debt is ever-growing mandatory government spending, such as in Medicare and Med-

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<sup>1</sup>*The 2018 Long-Term Budget Outlook*, Congressional Budget Office, June 2018, <https://www.cbo.gov/system/files/115th-congress-2017-2018/reports/53919-2018ltbo.pdf>.

icaid. It is imperative that policy makers in Congress work to reform such programs and lower mandatory spending over time in order to keep the promise of future prosperity for all Americans.

# MANDATORY SPENDING TRENDS AND REFORMS

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## Background

Mandatory spending remains the fastest growing part of the spending-driven sovereign debt crisis the nation faces.

The Congressional Budget Office (CBO) reports that total non-interest mandatory spending in fiscal year 2017 was \$2.52 trillion. By fiscal year 2028, CBO expects mandatory spending will surge to \$4.52 trillion. This reflects an average annual growth rate of 5.5 percent—faster than both CBO’s projection of 2018 nominal economic growth of 5.2 percent and CBO’s longer-term projection of 3.9-percent economic growth. Within overall non-interest mandatory spending, the two major social insurance programs are projected to continue growing faster than the economy as a whole; Social Security (both Old-Age and Survivors Insurance and Disability Insurance) is expected to increase from \$939 billion in fiscal year 2017 to \$1.8 trillion in fiscal year 2028 and Medicare from \$591 billion in fiscal year 2017 to \$1.3 trillion in fiscal year 2028.<sup>1</sup>

Over the past 10 years, major means-tested automatic spending programs have grown from \$430 billion in fiscal year 2008 to a projected \$742 billion in fiscal year 2018. In the next decade, these programs are expected to grow by 4.4 percent per year—from \$785 billion in fiscal year 2019 to \$1.1 trillion in fiscal year 2028.<sup>2</sup>

A number of factors contribute to these increases. The 2008 recession caused significant increases in spending on low-income programs. Spending is projected to remain at elevated levels for several programs—most notably, the Supplemental Nutrition Assistance Program, or SNAP (formerly known as food stamps). Over the past 10 years, SNAP grew at 5.8 percent annually, increasing from \$39 billion in fiscal year 2008 to a projected \$69 billion in fiscal year 2018. While this amount is projected to plateau over the next 10 years, it remains elevated compared to prerecession levels.<sup>3</sup>

Other programs have also seen large increases. Supplemental Security Income (SSI) was created as a needs-based program that provides cash benefits to aged, blind, or disabled persons with limited income and assets. When the program began, the majority of payments went toward the aged. As it matured, however, a much greater percentage of beneficiaries were under the age of 18 or be-

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<sup>1</sup>*The Budget and Economic Outlook: 2018 to 2028*, Congressional Budget Office, April 9, 2018, <https://www.cbo.gov/publication/53651>.

<sup>2</sup>*Federal Mandatory Spending for Means-Tested Programs, 2008 to 2028*, Congressional Budget Office, June 1, 2018, <https://www.cbo.gov/publication/53922>.

<sup>3</sup>*Federal Mandatory Spending for Means-Tested Programs, 2008 to 2028*.

tween the ages of 18 to 64. Over the past decade, spending on SSI has grown by 2.3 percent per year.<sup>4</sup>

The largest means-tested program in the federal budget is Medicaid, the federal-state low-income health program. Medicaid spending, including spending for its related State Children's Health Insurance Program (SCHIP), almost doubled from \$208 billion in fiscal year 2008 to a projected \$399 billion in fiscal year 2018. Going forward on its current path, CBO projects federal Medicaid and SCHIP spending will reach \$671 billion in fiscal year 2028. Absent structural reform, Medicaid will not be able to deliver on its promise to provide a sturdy health care safety net for society's most vulnerable. Because of the flawed incentives in this program, Medicaid grew by 6.6 percent per year over the past 10 years, and it is projected to average 5.5 percent growth annually over the next 10 years. This level of growth is clearly unsustainable.<sup>5</sup>

### **The Fiscal Year 2019 Budget**

The fiscal year 2019 budget addresses both non-means-tested and means-tested mandatory spending. Importantly, it tackles one of the primary drivers of debt and deficits: the government's health programs. For Medicare, this budget advances policies to put seniors, not the federal government, in control of their health care decisions. This budget provides future retirees with the freedom to choose a health plan best suited for them and guarantees health security throughout their retirement years. Under this program, traditional Medicare and private plans—providing the same level of health coverage—compete for seniors' choices, just as Medicare Advantage does today. This improved Medicare program would also adopt the competitive structure of Part D, the prescription drug benefit program, providing beneficiaries with a defined contribution to purchase coverage and, through competition, deliver savings for seniors in the form of lower monthly premium costs. Allowing seniors to choose the best plan for themselves promotes competition among health insurers on price and quality. This means the program works better for patients and can be sustained for future generations of seniors.

For Medicaid, this budget converts the federal share of Medicaid spending into per capita allotments, a reform advanced in the American Health Care Act.<sup>6</sup> This structure gives states the flexibility to tailor their programs in ways that meet the unique needs of their most vulnerable populations. The strategy would end the misguided one-size-fits-all approach that ties the hands of state governments trying to make their Medicaid programs as effective as possible. This would also put Medicaid on a budget for the first time since its creation. In addition, the budget proposes to advance a work requirement for all able-bodied, non-elderly adults without dependents who are enrolled in Medicaid. Work not only provides a source of income and self-sufficiency, but it also has been demonstrated as a valuable source of self-worth and dignity for individuals.

<sup>4</sup>*Federal Mandatory Spending for Means-Tested Programs, 2008 to 2028.*

<sup>5</sup>*Federal Mandatory Spending for Means-Tested Programs, 2008 to 2028.*

<sup>6</sup>American Health Care Act, H.R. 1628, 115th Cong. (2017).



Additionally, in keeping with a recommendation from the National Commission on Fiscal Responsibility and Reform, the budget recommends federal employees—including Members of Congress and their staffs—make greater contributions toward their own retirement.

This budget is premised on the belief that the prospect of upward mobility should be within the reach of every American, and that priority must be given to maximizing the effectiveness of anti-poverty programs across federal, state, and local governments. Congress should remove barriers and obstacles preventing the most vulnerable Americans from taking advantage of economic and educational opportunities. Wherever possible, government programs should help these individuals climb the ladder of self-sufficiency and join the middle class. By balancing the budget and reforming means-tested entitlement programs, this resolution is designed to accomplish exactly these goals.

TABLE 4.—PROJECTED MEANS-TESTED AND NON MEAN-TESTED MANDATORY SPENDING  
[Billions of dollars]

	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	Average Annual Growth (Percent) 2019-2028
<b>Means-Tested Programs:</b>												
<b>Health care programs:</b>												
Medicaid .....	383	401	417	437	465	493	524	554	587	620	655	5.5
Health insurance subsidies <sup>a,b</sup> .....	47	52	55	62	69	71	72	74	73	75	78	5.2
Medicare Part D low-income subsidies .....	28	31	33	36	42	42	42	49	53	57	65	9.0
Children's Health Insurance Program .....	16	16	14	13	13	13	14	14	15	15	16	*
Subtotal .....	473	500	520	547	589	620	652	692	727	767	813	5.6
<b>Income security programs:</b>												
Earned income and child tax credits <sup>b,c</sup> .....	80	92	93	93	94	95	96	97	98	84	85	0.6
SNAP .....	69	66	65	65	65	65	65	66	67	69	70	0.2
Supplemental Security Income .....	51	57	58	60	67	64	60	68	70	72	81	4.6
Family support and foster care <sup>d</sup> .....	32	32	32	33	33	33	34	34	34	34	34	0.7
Child nutrition <sup>e</sup> .....	23	24	25	27	28	29	30	32	33	35	36	4.5
Subtotal .....	256	272	274	277	286	286	286	297	303	294	307	1.8
Veterans' pensions .....	5	6	6	6	6	6	6	6	6	7	8	4.7
Pell grants <sup>f</sup> .....	7	8	8	8	8	8	8	8	8	8	8	1.3
Subtotal .....	742	785	807	838	889	920	952	1,002	1,044	1,076	1,136	4.4
<b>Subtotal, Means-Tested Programs</b> .....	<b>2,053</b>	<b>2,191</b>	<b>2,325</b>	<b>2,480</b>	<b>2,683</b>	<b>2,791</b>	<b>2,897</b>	<b>3,119</b>	<b>3,311</b>	<b>3,502</b>	<b>3,789</b>	<b>6.3</b>
Non-Means-Tested Programs <sup>g</sup> .....												
<b>Total Mandatory Outlays<sup>h</sup></b> .....	<b>2,794</b>	<b>2,976</b>	<b>3,132</b>	<b>3,318</b>	<b>3,572</b>	<b>3,712</b>	<b>3,849</b>	<b>4,122</b>	<b>4,355</b>	<b>4,578</b>	<b>4,925</b>	<b>5.8</b>
<b>Memorandum:</b>												
Pell Grants (Discretionary) <sup>h</sup> .....	22	25	29	24	24	25	25	26	26	27	27	2.0
Means-Tested Programs, Adjusted to Exclude Timing Shifts .....	749	785	807	838	880	920	961	1,002	1,044	1,076	1,125	4.2
Non-Means-Tested Programs, Adjusted to Exclude Timing Shifts .....	2,086	2,191	2,325	2,480	2,634	2,787	2,950	3,119	3,311	3,502	3,717	5.9

Sources: Congressional Budget Office; staff of the Joint Committee on Taxation. These projections are generally the same as those reported in Congressional Budget Office, The Budget and Economic Outlook: 2018 to 2028

(April 2018), [www.cbo.gov/publication/53651](http://www.cbo.gov/publication/53651). Since then, CBO has made a number of small changes to its baseline budget projections, including those for health insurance subsidies. For more details, see Congressional Budget Office, *An Analysis of the President's 2019 Budget* (May 2018), p. 11, [www.cbo.gov/publication/53884](http://www.cbo.gov/publication/53884).

The average annual growth rate over the 2019-2028 period encompasses growth in outlays from the amount estimated for 2018 through the amount projected for 2028.

Projections of spending for benefit programs exclude administrative costs that are classified as discretionary but generally include administrative costs that are classified as mandatory.

Because October 1, 2017 (the first day of fiscal year 2018), fell on a weekend, certain federal payments that were due on that date were instead made at the end of September 2017, and thus were recorded in the previous fiscal year. October 1 will fall on a weekend again in 2028, and the same shift in certain federal payments will occur. If not for those shifts, spending for Medicare Part D low-income subsidies would have increased at an average annual rate of 7.4 percent, and spending for both Supplemental Security Income and veterans' pensions would have increased by an average of 3.0 percent per year over the 2019-2028 period in CBO's baseline projections.

SNAP = Supplemental Nutrition Assistance Program; \* = between -0.05 percent and zero.

a. Differs from the amounts reported for 2017 through 2028 in the line "Health insurance subsidies and related spending" in Table 2-2 of *The Budget and Economic Outlook: 2018 to 2028* in that it reflects some relatively small changes CBO has made to its projections since that report was published. In addition, the amounts shown exclude payments to health insurance plans for risk adjustment (amounts paid to plans that attract less healthy enrollees) and reinsurance (amounts paid to plans that enroll people with high health care costs). Spending for grants to states to establish health insurance marketplaces also is excluded.

b. Does not include amounts that reduce tax receipts.

c. Differs from the amounts reported for 2017 through 2028 in the line "Earned income, child, and other tax credits" in Table 2-2 of *The Budget and Economic Outlook: 2018 to 2028* in that it excludes other tax credits that were included in that table.

d. Includes Temporary Assistance for Needy Families, the Child Support Enforcement program, the Child Care Entitlement program, and other programs that benefit children.

e. Differs from the amounts reported for 2017 through 2028 in the line "Child nutrition" in Table 2-2 of *The Budget and Economic Outlook: 2018 to 2028* in that it excludes outlays related to the Funds for Strengthening Markets program (also known as Section 32) and to the Commodity Assistance Program.

f. Includes mandatory spending designed to reduce the discretionary budget authority needed to support the maximum award amount set in the appropriation act plus mandatory spending that, by formula, increases the total maximum award above the amount set in the appropriation act.

g. Does not include offsetting receipts and outlays associated with federal interest payments.

h. The discretionary baseline does not represent a projection of expected costs for the discretionary portion of the Federal Pell Grant Program. As with all other discretionary programs, the budget authority is calculated by inflating the budget authority appropriated for fiscal year 2018. Outlays for future years are based on those amounts of budget authority and also reflect a temporary surplus of budget authority provided in 2018.

TABLE 5.—HISTORICAL MEANS-TESTED AND NON MEANS-TESTED MANDATORY SPENDING  
[Billions of dollars]

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	Est. 2018	Average Annual Growth (Percent) 2009-2018
<b>Means-Tested Programs:</b>												
Health care programs:												
Medicaid .....	201	251	273	275	251	265	301	350	368	375	383	6.6
Health insurance subsidies <sup>a,b</sup> .....	0	0	0	0	0	0	13	27	31	39	47	n.a.
Medicare Part D low-income subsidies .....	17	19	21	24	20	22	22	24	29	29	28	5.1
Children's Health Insurance Program .....	7	8	8	9	9	9	9	9	14	16	16	8.6
Subtotal .....	225	277	302	308	279	297	346	411	443	459	473	7.7
Income security programs:												
Earned income and child tax credits <sup>a,c</sup> .....	75	67	77	78	77	79	82	81	81	79	80	0.7
SNAP .....	39	56	70	77	80	83	76	76	73	70	69	5.8
Supplemental Security Income .....	41	45	47	53	47	53	54	55	59	55	51	2.3
Family support and foster care <sup>d</sup> .....	32	33	35	33	30	32	31	31	31	31	32	*
Child nutrition <sup>e</sup> .....	14	15	16	17	18	19	19	21	22	22	23	5.2
Subtotal .....	201	216	246	259	253	265	262	263	266	258	256	2.4
Veterans' pensions .....	4	4	4	5	5	5	6	5	6	6	5	3.0
Pell grants <sup>f</sup> .....	1	2	4	14	12	16	8	10	6	6	7	29.3
Subtotal, Means-Tested Programs .....	430	500	556	586	549	583	622	689	720	728	742	5.6
Non-Means-Tested Programs <sup>g</sup> .....	1,350	1,788	1,554	1,649	1,710	1,753	1,754	1,866	1,945	2,044	2,053	4.3
<b>Total Mandatory Outlays<sup>g</sup></b> .....	<b>1,780</b>	<b>2,288</b>	<b>2,110</b>	<b>2,235</b>	<b>2,259</b>	<b>2,336</b>	<b>2,376</b>	<b>2,555</b>	<b>2,665</b>	<b>2,772</b>	<b>2,794</b>	<b>4.6</b>
<b>Memorandum:</b>												
Pell Grants (Discretionary) .....	15	13	20	21	21	17	23	20	22	21	22	4.3
Means-Tested Programs:												
Adjusted to Exclude Timing Shifts .....	430	500	556	580	555	583	622	689	714	728	749	5.7
Non-Means-Tested Programs:												
Adjusted to Exclude Timing Shifts .....	1,350	1,788	1,554	1,627	1,731	1,753	1,754	1,866	1,915	2,041	2,086	4.4

Sources: Congressional Budget Office; staff of the Joint Committee on Taxation.  
The average annual growth rate over the 2009-2018 period encompasses growth in outlays from the amount recorded in 2008 through the amount estimated for 2018.

Data on spending for benefit programs exclude administrative costs that are classified as discretionary but generally include administrative costs that are classified as mandatory. Because October 1, 2017 (the first day of fiscal year 2018), fell on a weekend, certain federal payments that were due on that date were instead made at the end of September 2017 and thus were recorded in the previous fiscal year. If not for those shifts, spending for Medicare Part D low-income subsidies would have increased at an average annual rate of 5.9 percent, spending for Supplemental Security Income would have increased by 3.1 percent per year, and spending for veterans' pensions would have increased by 3.9 percent annually over the 2009-2018 period.

SNAP = Supplemental Nutrition Assistance Program; \* = between zero and 0.05 percent; n.a. = not applicable.

Footnotes for this table appear on page 6.

a. Differs from the amounts reported for 2017 through 2028 in the line "Health insurance subsidies and related spending" in Table 2-2 of The Budget and Economic Outlook: 2018 to 2028 in that it reflects some relatively small changes CBO has made to its projections since that report was published. In addition, the amounts shown exclude payments to health insurance plans for risk adjustment (amounts paid to plans that attract less healthy enrollees) and reinsurance (amounts paid to plans that enroll people with high health care costs). Spending for grants to states to establish health insurance marketplaces also is excluded.

b. Does not include amounts that reduce tax receipts.

c. Differs from the amounts reported for 2017 through 2028 in the line "Earned income, child, and other tax credits" in Table 2-2 of The Budget and Economic Outlook: 2018 to 2028 in that it excludes other tax credits that were included in that table.

d. Includes Temporary Assistance for Needy Families, the Child Support Enforcement program, the Child Care Entitlement program, and other programs that benefit children.

e. Differs from the amounts reported for 2017 through 2028 in the line "Child nutrition" in Table 2-2 of The Budget and Economic Outlook: 2018 to 2028 in that it excludes outlays related to the Funds for Strengthening Markets program (also known as Section 32) and to the Commodity Assistance Program.

f. Includes mandatory spending designed to reduce the discretionary budget authority needed to support the maximum award amount set in the appropriation act plus mandatory spending that, by formula, increases the total maximum award above the amount set in the appropriation act.

g. Does not include offsetting receipts and outlays associated with federal interest payments.

h. The discretionary baseline does not represent a projection of expected costs for the discretionary portion of the Federal Pell Grant Program. As with all other discretionary programs, the budget authority is calculated by inflating the budget authority appropriated for fiscal year 2018. Outlays for future years are based on those amounts of budget authority and also reflect a temporary surplus of budget authority provided in 2018.



# THE ECONOMY AND ECONOMIC ASSUMPTIONS

## The Current Economic Situation<sup>1</sup>

The rate of economic growth is closely linked to the state of the federal budget. When Gross Domestic Product (GDP) growth is strong, revenues are higher than they would otherwise be, while spending (on welfare and safety net programs, for example) is lower. According to the Congressional Budget Office (CBO), if productivity growth, which is closely correlated with overall GDP growth, is just 0.1 percentage point higher per year, the budget deficit would be lower by \$228 billion over 10 years.<sup>2</sup>

Real GDP grew by 2.0 percent in the first quarter of 2018.<sup>3</sup> That was below the strong trend of the final three quarters of 2017.<sup>4</sup> During that period, real GDP grew by an average of 3.0 percent, the fastest clip since 2014.<sup>5</sup> Still, most private-sector forecasters are predicting GDP growth of between 2.5 and 3.0 percent this year.<sup>6</sup>

Overall business investment grew by a healthy 10.4 percent at an annual rate in the first quarter of this year.<sup>7</sup> Consumer spending, which accounts for roughly two-thirds of overall growth, grew by a tepid 0.9 percent in the first quarter, which held back the topline GDP number.<sup>8</sup> Most analysts, however, expect consumer spending to rebound during the remainder of the year.

Monthly job growth has been encouraging so far in 2018, averaging a solid 207,000 created jobs, while last year's average month-

<sup>1</sup>All data from CBO in this chapter are sourced from: The Budget and Economic Outlook: 2018 to 2028, Congressional Budget Office, April 9, 2018, <https://www.cbo.gov/publication/53651>, Table D-1. All data from the Blue Chip Consensus in this chapter are sourced from: Blue Chip Economic Indicators: Top Analysts' Forecasts of the U.S. Economic Outlook for the Year Ahead, Blue Chip Consensus, vol. 43, no. 3, March 10, 2018, 14. All data from the Trump Administration in this chapter are sourced from: Office of Management and Budget, "Economic Assumptions and Interactions with the Budget," Analytical Perspectives for the President's Fiscal Year 2019 Budget, the White House, <https://www.whitehouse.gov/wp-content/uploads/2018/02/ap-2-assumptions-fy2019.pdf>, Table 2-3.

<sup>2</sup>How Changes in Economic Conditions Might Affect the Federal Budget, Congressional Budget Office, June 2018, <https://www.cbo.gov/system/files/115th-congress-2017-2018/reports/54052-cbos-rules-thumb.pdf>, Table 2.

<sup>3</sup>Bureau of Economic Analysis, Department of Commerce, "National Income and Product Accounts," data release no. BEA 18-31, June 28, 2018, <https://www.bea.gov/newsreleases/national/gdp/gdpnewsrelease.htm>.

<sup>4</sup>Bureau of Economic Analysis.

<sup>5</sup>Bureau of Economic Analysis.

<sup>6</sup>The Honorable Jerome H. Powell, Chairman, Federal Reserve "Economic Projections of Federal Reserve Board Members and Federal Reserve Bank Presidents under Their Individual Assessments of Projected Appropriate Monetary Policy," Presentation to the Federal Open Market Committee, Federal Reserve, June 13, 2018, <https://www.federalreserve.gov/monetarypolicy/files/fomcprojtabl20180613.pdf>.

<sup>7</sup>Bureau of Economic Analysis.

<sup>8</sup>Bureau of Economic Analysis.

ly gain was about 180,000.<sup>9</sup> Meanwhile, the unemployment rate has dipped below 4.0 percent (currently at 3.8 percent), the lowest level since the year 2000.<sup>10</sup>

The labor force participation rate stands at 62.7 percent and remains near its lowest level since the late 1970s.<sup>11</sup> Wage gains remain moderate. Over the last twelve months, average hourly earnings are up about 2.7 percent.<sup>12</sup> For comparison, prior to the Great Recession, average hourly earnings were tracking closer to 3.5 percent.

Crude oil prices have advanced sharply since last fall, rising 45 percent, and are currently trading just over \$70 per barrel.<sup>13</sup> The recent increase in price has been attributed to strong demand for oil, caused by synchronized global growth, as well as reduced supply and geopolitical tensions in the Middle East.

The rate of inflation has been firming in recent months. Over the past twelve months, the price index for personal consumption expenditures (PCE) has increased by 2.3 percent, the strongest gain in a year. The so-called “core” PCE index, which excludes energy and food prices and serves as the Federal Reserve’s preferred inflation gauge has increased 2.0 percent over the past year.<sup>14</sup> These levels of inflation are now more in line with the Federal Reserve’s 2-percent objective for inflation over the longer run.<sup>15</sup>

The Federal Reserve increased interest rates for the second time this year in June. That marked the seventh rate hike since late 2015. Prior to that time, the Federal Reserve had been holding interest rates near zero since the depths of the financial crisis in 2008. Looking ahead, the Federal Reserve has signaled that it will continue to increase interest rates at a measured pace, thereby normalizing monetary policy.

The yield on the 10-year Treasury note has increased sharply since last fall. The 10-year Treasury note has hovered around the 3.0 percent level in recent weeks.<sup>16</sup> That is up a considerable 70 basis points since last October; the +3.0 percent yields reached in May marked the highest levels since 2014.

U.S. stock markets have been optimistic so far in 2018; the Standard & Poor’s 500 is still up a large 20 percent since the beginning of 2017.

## The Economic Outlook

Attempting to forecast the year-by-year trajectory of the economy over the next 10 years is an inherently difficult and imprecise exer-

<sup>9</sup>Bureau of Labor Statistics, U.S. Department of Labor, “Employment Situation Summary—May 2018,” data release no. USDL-18-0916, June 1, 2018, <https://www.bls.gov/news.release/empstat.nr0.htm>.

<sup>10</sup>Bureau of Labor Statistics.

<sup>11</sup>Bureau of Labor Statistics.

<sup>12</sup>Bureau of Labor Statistics.

<sup>13</sup>Myra P. Saefong and Rachel Koning Beals, “Oil Prices Climb, with U.S. Benchmark Holding at Highest since 2014,” *MarketWatch*, June 28, 2018, <https://www.marketwatch.com/story/oil-prices-diverge-but-us-benchmark-holds-near-highest-since-2014-2018-06-28>.

<sup>14</sup>Bureau of Economic Analysis.

<sup>15</sup>Board of Governors of the Federal Reserve System, *Monetary Policy Report*, report to Congress, February 23, 2018, <https://www.federalreserve.gov/monetarypolicy/files/20180223-mprrfullreport.pdf>.

<sup>16</sup>U.S. Department of Treasury, “Daily Treasury Yield Curve Rates,” accessed June 29, 2018, <https://www.treasury.gov/resource-center/data-chart-center/interest-rates/Pages/TextView.aspx?data=yieldYear&year=2018>.



cise. Not surprisingly, forecasters also differ sharply in their views on the longer-term path of the U.S. economy.

CBO projects that real GDP growth will average a strong 3.0 percent in 2018 and 2019; it sees that growth rate falling back to 1.5 percent by the middle of the decade, before flat lining at 1.8 percent at the very end of the decade. Overall, CBO expects it to average just 1.8 percent over the 10-year budget window.

The Blue Chip consensus of private-sector forecasters is different from CBO, but not by much. The Blue Chip sees real GDP growth averaging about 2.7 percent in 2018 and 2019, but then falling back to 2.1 percent by mid-decade and then flat lining at 2.0 percent over the longer-term. Overall, the Blue Chip sees an average of 2.1 percent real GDP growth over the 10-year budget window, slightly above CBO projections.

The Trump Administration is the most optimistic among the three forecasting groups as it assumes the full enactment of the proposed policies in its budget.

The Administration sees real GDP growth averaging 3.0 percent growth throughout the 10-year window. While this is well above CBO and the Blue Chip consensus, it is in line with the long-term average for annual U.S. real GDP growth.

All three forecasters see the unemployment falling over the next few years before rising back to a more stable longer-term level. CBO expects the unemployment rate to fall to an extremely low 3.3 percent in 2019, and then to rise back up to just under 5.0 percent by the end of the decade. The Blue Chip consensus predicts that the unemployment rate will decline to 3.6 percent in 2019 and then rise back up to 4.5 percent over the longer-term. The Administration expects a similar trajectory. They predict the unemployment rate will decline to 3.7 percent in 2019 and then rise to a long-term level of 4.8 percent.

Price inflation is expected to firm a bit in the near term from very low levels in recent years, but it will remain low by historical standards. CBO expects that the consumer price index (CPI) will drift up from 2.1 percent in 2017 to 2.5 percent mid-decade. It sees inflation stabilizing at 2.4 percent in the long term. Similarly, the Blue Chip consensus sees the rate of inflation flat lining at 2.3 percent in the latter half of the decade. The Administration also expects inflation to stabilize at just 2.3 percent, despite its expectation of stronger GDP growth.

Interest rates have risen sharply over the past six months, and the three forecasters all expect that rates will continue to rise at a measured pace over the budget window. CBO expects that the 10-year Treasury rate will increase to 3.7 percent over the long term. Similarly, the Blue Chip consensus expects interest rates to plateau around 3.8 percent by the end of the decade. The Administration sees a slightly more moderate increase, plateauing at 3.6 percent for the latter half of the decade.

### **Economic Assumptions of the Budget Resolution**

CBO projects real GDP to grow at an annual average rate of just 1.8 percent over the next 10 years. That is more than a full percentage point below the 3.0 percent average of the past 50 years. This may partly be due to the fact that CBO assumes laws in place

today will remain in place throughout the 10-year budget window and therefore, that major program spending, as well as government regulation, will unfold as called for in existing law. CBO's projection also assumes the continuation of current regulatory regimes. This current-law framework contributes to CBO's moderate economic forecast.

Customarily, the House budget resolution employs CBO's economic assumptions as its foundation, but this is not a requirement. The House Committee on the Budget may use a different set of projections if it chooses. The Committee has made that choice in this case. The budget calls for significant policy changes—including substantial reductions in deficits and debt, the Trump Administration's planned regulatory reforms, and Obamacare repeal and replace legislation—that are expected to lead to improved economic outcomes. The budget assumes the enactment of such policies and the economic benefits they would generate. In turn, the effects of improved economic performance are expected to “feed back” into components of the budget, producing improved fiscal outcomes. Put another way, the resolution rests on an economic forecast that incorporates the effects of the budget's overall pro-growth strategy. It is the same approach that presidents' budgets have used for decades and is more fully explained in the next section, “Macroeconomic Feedback Effects of Pro-Growth Policies.”

Under this budget's perspective, real GDP growth is expected to average 2.6 percent over the budget window. This projected level of real economic growth is higher than CBO (1.8 percent) and the Blue Chip consensus (2.1 percent), but it is lower than the Administration's growth assumption (3.0 percent). Essentially, the budget resolution's growth expectation of 2.6 percent lies at the mid-point between CBO, Blue Chip, and the Administration.

TABLE 6.—ECONOMIC PROJECTIONS: ADMINISTRATION, CBO, AND PRIVATE FORECASTERS  
[Calendar years]

	Estimated 2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
Year to Year, Percent Change												
Real GDP:												
Administration Budget (Feb. 2018) .....	2.2	3.0	3.2	3.1	3.0	3.0	3.0	3.0	2.9	2.8	2.8	2.8
CBO (April 2018) .....	2.3	3.0	2.9	2.0	1.5	1.5	1.6	1.7	1.8	1.7	1.8	1.8
Blue Chip (March 2018) .....	2.3	2.8	2.5	1.9	1.9	2.1	2.1	2.1	2.0	2.0	2.0	2.0
Consumer Price Index:												
Administration Budget (Feb. 2018) .....	2.1	2.1	2.0	2.3	2.3	2.3	2.3	2.3	2.3	2.3	2.3	2.3
CBO (April 2018) .....	2.1	2.2	2.2	2.4	2.5	2.5	2.4	2.4	2.4	2.4	2.4	2.4
Blue Chip (March 2018) .....	2.1	2.4	2.2	2.3	2.3	2.3	2.3	2.3	2.3	2.3	2.3	2.3
Annual Average, Percent												
Unemployment Rate:												
Administration Budget (Feb. 2018) .....	4.4	3.9	3.7	3.8	3.9	4.1	4.2	4.4	4.5	4.8	4.8	4.8
CBO (April 2018) .....	4.4	3.8	3.3	3.6	4.1	4.6	4.7	4.8	4.8	4.9	4.8	4.8
Blue Chip (March 2018) .....	4.4	3.9	3.6	4.0	4.2	4.3	4.4	4.4	4.5	4.5	4.5	4.5

TABLE 6.—ECONOMIC PROJECTIONS: ADMINISTRATION, CBO, AND PRIVATE FORECASTERS—  
Continued  
[Calendar years]

	Estimated 2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
<b>3-Month Treasury Bill:</b>												
Administration Budget (Feb. 2018) .....	0.9	1.5	2.3	2.9	3.0	3.0	2.9	2.9	2.9	2.9	2.9	2.9
CBO (April 2018) .....	0.9	1.9	2.9	3.6	3.8	3.6	3.1	2.8	2.7	2.7	2.7	2.8
Blue Chip (March 2018) .....	0.9	1.9	2.6	2.7	2.8	2.9	2.9	2.9	3.0	3.0	3.0	3.0
<b>10-Year Treasury Note:</b>												
Administration Budget (Feb. 2018) .....	2.3	2.6	3.1	3.4	3.6	3.7	3.7	3.6	3.6	3.6	3.6	3.6
CBO (April 2018) .....	2.3	3.0	3.7	4.1	4.2	4.0	3.8	3.7	3.7	3.7	3.7	3.7
Blue Chip (March 2018) .....	2.3	2.9	3.4	3.5	3.6	3.7	3.7	3.7	3.8	3.8	3.8	3.8

Sources: Congressional Budget Office, Office of Management and Budget, and Blue Chip Economic Indicators

TABLE 7.—ECONOMIC ASSUMPTIONS OF THE FISCAL YEAR 2019 BUDGET RESOLUTION  
[Calendar years]

	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
<b>Year to Year, Percent Change</b>											
<b>Real GDP:</b>											
HBC (May 2018) .....	3.0	3.2	2.4	2.3	2.4	2.6	2.8	2.9	2.4	2.6	2.6
<b>Consumer Price Index:</b>											
HBC (May 2018) .....	2.2	2.2	2.4	2.5	2.5	2.4	2.4	2.4	2.4	2.4	2.4
<b>Annual Average, Percent</b>											
<b>Unemployment Rate:</b>											
HBC (May 2018) .....	3.8	3.3	3.6	4.1	4.6	4.7	4.8	4.8	4.9	4.8	4.8
<b>3-Month Treasury Bill:</b>											
HBC (May 2018) .....	1.9	2.9	3.7	3.9	3.8	3.5	3.2	3.2	3.3	3.3	3.4
<b>10-Year Treasury Note:</b>											
HBC (May 2018) .....	3.0	3.7	4.2	4.4	4.3	4.1	4.1	4.2	4.3	4.3	4.4



## MACROECONOMIC FEEDBACK EFFECTS OF PRO-GROWTH POLICIES

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Economic growth is one of the major determinants of revenue and spending levels—and therefore, the size of budget deficits—over a given period. For instance, a higher rate of gross domestic product (GDP) growth can lead to lower projected spending if it translates into reduced burdens on government safety net programs. It can also generate higher revenue due to increases in taxable incomes. Naturally, such a pattern would cause a reduction in federal deficits and debt relative to current estimates. Conversely, lower rates of growth can cause the opposite outcomes: higher rates of spending increases and lower revenue growth.

Federal policies themselves—including tax policy, regulations, and rising deficits and debt—can affect the economy’s potential to grow. They can generate changes in economic performance that “feed back” into budgetary outcomes. Consequently, fiscally responsible policies that improve the economy’s long-term growth prospects can help reduce the size of budget deficits over a given period.

As noted in the previous section, this resolution is based on an economic forecast that incorporates all of the pro-growth policies advanced in this budget, including regulation reform, welfare reform, increased domestic energy production, and lower deficits and debt. These initiatives are all a departure from the policies embedded in current law.

Meanwhile, the Congressional Budget Office (CBO) is obligated to produce an economic forecast that assumes an indefinite extension of current law, including the explosion of deficit and debt levels over the next decade. This is partly why CBO is forecasting average real GDP growth of just 1.8 percent over the next 10 years, which is well below the long-term average growth rate of 3.0 percent in the U.S.<sup>1</sup>

The Committee believes that if all the pro-growth policies in the budget resolution are enacted, real GDP growth would average 2.6 percent over the next 10 years. That would lead to much higher revenue levels and reduce deficits by a total of roughly \$1.7 trillion over the budget window, relative to CBO’s baseline.

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<sup>1</sup>*The Budget and Economic Outlook: 2018 to 2028*, Congressional Budget Office, April 9, 2018, <https://www.cbo.gov/publication/53651>.



## **FUNCTION-BY-FUNCTION PRESENTATION**

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### **FUNCTION 050: NATIONAL DEFENSE**

#### **Function Summary**

The National Defense budget function (Function 050) includes funds to compensate, train, maintain, and equip the military forces of the United States. The majority of National Defense programs are discretionary; they are funded through the annual appropriations process. These programs include all military activities of the Department of Defense (DOD) in addition to activities of the National Nuclear Security Administration, such as environmental clean-up of weapons production, research sites at the Department of Energy (DOE), and other defense-related activities (primarily in connection with counterterrorism). Mandatory spending within this function primarily funds benefits for military retirees.

Funding for defense activities in support of the Global War on Terrorism is reflected in Function 970: Overseas Contingency Operations/Global War on Terrorism, rather than in this account.

#### **Summary of Committee-Reported Resolution**

The resolution calls for \$656.5 billion in budget authority and \$633.4 billion in outlays in fiscal year 2019. Of that total, discretionary spending in fiscal year 2019 is \$647.0 billion in budget authority and \$624.0 billion in outlays. Mandatory spending in fiscal year 2019 is \$9.5 billion in budget authority and \$9.4 billion in outlays. The 10-year totals for budget authority and outlays are \$7.2 trillion and \$7.0 trillion, respectively. The discretionary levels for fiscal year 2019 are consistent with the Bipartisan Budget Act of 2018,<sup>1</sup> the Trump Administration's fiscal year 2019 budget request, and the recently House-passed National Defense Authorization Act of 2019.<sup>2</sup>

#### **Illustrative Policy Options**

The House committees of jurisdiction—the Committee on Armed Services and the Committee on Appropriations Subcommittee on Defense—should continue effective oversight of the Department of Defense to ensure resources are used efficiently to achieve desired results. The Budget Committee's authority applies solely to the

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<sup>1</sup> Bipartisan Budget Act of 2018, Pub. L. No. 115–123, 132 Stat. 64 (2018).

<sup>2</sup> National Defense Authorization Act for Fiscal Year 2019, H.R. 5515, 115th Cong. (2018).

budgetary parameters for each committee of jurisdiction. Some illustrative options the committees of jurisdiction might consider include the following.

#### DISCRETIONARY SPENDING

*Providing for the Common Defense.* This budget preserves critical defense spending to protect vital national interests today and to modernize the military so that it can tackle tomorrow's challenges, including the ever-evolving threats in the Middle East and around the globe. For fiscal year 2019, this budget resolution provides \$647 billion in base defense discretionary funding. From fiscal year 2019 to fiscal year 2021, the Budget for a Brighter American Future calls for a five percent annual increase to the base defense budget. For the remainder of the budget window, this budget's defense spending continues to grow, ultimately reaching \$736 billion in fiscal year 2028. This level is critical to providing the Department of Defense with the resources it needs to address a readiness shortfall. This funding will also ensure the United States can continue to overmatch both current and future, traditional and non-traditional adversaries in lethality and overall competitive advantage.

*Defense Industrial Base and Sustainment.* A robust industrial base is vital to military readiness and, therefore, the national security of the United States. The sustainment industrial base is comprised of both private sector and military facilities, each serving a unique and vital role in the maintenance, repair, and overhaul of weapons, weapons systems, components, subcomponents, parts, and equipment. Military facilities and the private sector should focus on the areas in which each excels and enter into public-private partnerships, as appropriate, to save taxpayer dollars and increase military readiness.

Workload should be one of the key drivers when managing depots, arsenals, and ammunition plants to ensure the lowest possible cost to the taxpayer. These key provisions in existing law, when vigorously enforced, will ensure that the vital security interests of the United States military are met through the maintenance of a healthy defense industrial base.

*Improving Defense Efficiency.* Like all government agencies, the Department of Defense has a responsibility to the taxpayer to carefully manage its resources. The 2010 National Defense Authorization Act required the Department of Defense to be audit-ready by the end of fiscal year 2017.<sup>3</sup> While progress has been made, DOD is still not fully auditable today. According to DOD Comptroller David Norquist, "the Department will continue its plan to achieve full auditability of all its operations, improving its financial processes, systems, and tool to understand, manage, and improve cost."<sup>4</sup> The Comptroller announced DOD will issue a report to Con-

<sup>3</sup>National Defense Authorization Act for Fiscal Year 2010, Pub. L. No. 111-84, 123 Stat. 2190 (2009).

<sup>4</sup>*Department of Defense Audit and Business Operations Reform at the Pentagon, Before the Senate Comm. On the Budget*, 115th Cong. (March 7, 2018) (statement of the Honorable David Norquist, Under Secretary of Defense (Comptroller) and Chief Financial Officer of the Department of Defense), [https://www.budget.senate.gov/imo/media/doc/NORQUIST.FINAL%202018-03-07%20SBC%20Norquist%20Statement\\_.pdf](https://www.budget.senate.gov/imo/media/doc/NORQUIST.FINAL%202018-03-07%20SBC%20Norquist%20Statement_.pdf)



gress, including audit findings and remediation status, by June 2019.<sup>5</sup>

This budget commends Secretary of Defense James Mattis and Comptroller Norquist for their efforts to execute the first department-wide audit to examine every aspect of DOD from personnel and real property to weapons, supplies, and bases. The Budget Committee also commends the House Armed Services Committee for its work in this area and encourages further oversight hearings to ensure the Department of Defense maximizes the value of every taxpayer dollar.

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<sup>5</sup>Norquist Testimony.



## **FUNCTION 150: INTERNATIONAL AFFAIRS**

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### **Function Summary**

Function 150 includes spending for international development and related programs, such as food security, humanitarian assistance, and international security assistance. It also includes foreign affairs, foreign information and exchange activities, and international financial programs. The primary departments and agencies responsible for executing these programs are the U.S. Department of Agriculture, U.S. Department of State, U.S. Department of the Treasury, the U.S. Agency for International Development (USAID), and the Millennium Challenge Corporation. The bulk of discretionary spending within Function 150 is comprised of basic operations at the State Department and foreign aid.

Funding for the State Department and USAID's non-enduring civilian activities in support of the Global War on Terrorism is reflected in Function 970: Overseas Contingency Operations/Global War on Terrorism.

### **Summary of Committee-Reported Resolution**

The budget calls for \$47.9 billion in budget authority and \$43.6 billion in outlays in fiscal year 2019. Of that total, discretionary spending totals \$44.2 billion in budget authority and \$47.3 billion in outlays. Mandatory spending, which totals \$3.7 billion in budget authority and -\$3.8 billion in outlays for fiscal year 2019, includes loan guarantee programs, payments to the Foreign Service Retirement and Disability Fund, and foreign-military sales programs. The negative figures reflect receipts from foreign-military sales and financing programs. The 10-year totals for budget authority and outlays are \$502.2 billion and \$469.8 billion, respectively.

### **Illustrative Policy Options**

The House committees of jurisdiction include the Committee on Foreign Affairs and the Committee on Appropriations Subcommittee on State, Foreign Operations, and Related Programs. To ensure resources are used efficiently, this budget recommends continuing effective oversight of the State Department and related foreign operations. Some illustrative options the committees might consider include the following.

## DISCRETIONARY SPENDING

*Reform International Food Aid.* Food aid is a critical tool in advancing American “security, economic, and humanitarian interests throughout the international community.”<sup>1</sup> However, due to outdated program purchase and shipping requirements, the current international food aid program is inefficient and often ineffective. According to the Committee on Foreign Affairs, U.S. food aid is “too expensive, takes too long to arrive, and at times does more long-term damage than short-term good.”<sup>2</sup> In early 2018, the Committee on Foreign Affairs introduced the Food for Peace Modernization Act and the Global Food Security Reauthorization Act of 2018.<sup>3,4</sup> Both bills are intended to reform facilitation of aid in order to improve program outcomes and use of taxpayer dollars.

The ultimate goal should be for countries to become self-sustaining and less reliant on aid from the United States. With that goal in mind, this budget recommends program reforms to maximize the benefit of every dollar spent on international food aid. Suggested solutions include eliminating inefficiencies, increasing purchasing power and shipping flexibility, and providing assistance to developing countries. For example, the Food for Peace Modernization Act reduces the current U.S. purchase requirement from 93 percent to a 25 percent minimum.<sup>5</sup> Shifting to this policy would result in program savings and ultimately lead to more aid targeted toward people in need.

*Build Upon Broadcasting Board of Governors Reforms.* In the National Defense Authorization Act for Fiscal Year 2017 (NDAA), several significant reforms were made to the management structure of the Broadcasting Board of Governors (BBG).<sup>6</sup> BBG is a networked global media agency vital to national interests; it informs, engages, and connects people around the world in support of freedom and democracy. Under the new BBG structure, a chief executive officer “would serve as the agency head, assuming all leadership, management, and operational authorities, including the key duty of acting as the firewall against political interference in the networks’ journalism, ensuring the independence and integrity of BBG broadcasters.”<sup>7</sup> The authorization also created a new “Presidentially-appointed, five member, bipartisan Advisory Board, which includes the Secretary of State that would replace the existing Board.”<sup>8</sup> These reforms streamlined BBG’s action plan on strategy, content, and modernization of its five networks—Voice of America, the Office of Cuba Broadcasting, Radio Free Europe/Radio Liberty, Radio Free Asia, and the Middle East Broadcasting Networks—to counter near- and long-term propaganda threats against the U.S.

<sup>1</sup>Letter from the Honorable Edward R. Royce, Chairman, House Comm. on Foreign Affairs, *Fiscal Year 2019 Views and Estimates*, to the Honorable Steve Womack, Chairman, House Comm. on the Budget (March 2, 2018) (on file with the House Comm. on the Budget).

<sup>2</sup>Comm. on Foreign Affairs, *Views and Estimates*.

<sup>3</sup>Food for Peace Modernization Act of 2018, H.R. 5276, 115th Cong. (2018).

<sup>4</sup>Global Food Security Reauthorization Act of 2018, H.R. 5129, 115th Cong. (2018).

<sup>5</sup>Global Food Security Reauthorization Act of 2018.

<sup>6</sup>National Defense Authorization Act for Fiscal Year 2017, Pub. L. No. 114–328, 130 Stat. 2000 (2017).

<sup>7</sup>Pub. L. No. 114–328.

<sup>8</sup>Pub. L. No. 114–328.

It is critical that U.S. international broadcasting programs are structured to respond properly to propaganda threatening American interests abroad. Particular attention should be paid to disinformation launched and spread by America's adversaries—including Russia, Al-Qaeda, and the Islamic State. This budget encourages the Committee on Foreign Affairs to continue making strides in this area.

*Eliminate Funding for Peripheral Foreign Affairs Institutions.* The United States currently funds multiple independent agencies and quasi-private institutions, including the Inter-American Foundation and the East-West Center. These institutions engage in activities that overlap with the State Department and USAID. For example, the East-West Center was established in 1960 to promote a better understanding between the U.S. and nations of the Asia Pacific region. Over the past 57 years, a number of factors—including the development of the Internet, increased trade, and cultural diversity—have led to the creation of private institutions that serve similar purposes.<sup>9</sup>

Consolidating and eliminating funding for institutions with similar missions and tasks will make U.S. international engagement more efficient and cost-effective. In fact, some of these organizations already receive private funding and could continue successfully without federal funding.

*Reduce Contributions to International Organizations and Programs.* The United States makes voluntary contributions to more than 40 multilateral organizations and programs, including the United Nations Population Fund and the United Nations Development Program. These funding streams are often duplicative. The U.S. simultaneously funds these UN programs indirectly through the Contributions to International Organizations and Programs account, which makes payments to organizations pursuant to treaties and conventions signed by the United States. This budget continues funding support of treaty-bound organizations but reduces voluntary funding made in the International Organizations and Programs account.

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<sup>9</sup> Comm. on Foreign Affairs, Views and Estimates.



## FUNCTION 250: GENERAL SCIENCE, SPACE, AND TECHNOLOGY

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### Function Summary

The largest component of Function 250—comprising about half of its total spending—is the space-flight, research, and supporting activities of the National Aeronautics and Space Administration (NASA). This function also contains general science funding, including the budgets for the National Science Foundation (NSF) and the Department of Energy's (DOE) Office of Science.

### Summary of Committee-Reported Resolution

The budget calls for \$29.5 billion in budget authority and \$31.5 billion in outlays in fiscal year 2019. Of that total, discretionary spending totals \$29.4 billion in budget authority and \$31.4 billion in outlays, and mandatory spending totals \$142 million in budget authority and \$125 million in outlays. The 10-year totals for budget authority and outlays are \$328.1 billion and \$326.0 billion, respectively.

### Illustrative Policy Options

The principal authorizing committee in this category is the House Committee on Science, Space, and Technology. Funding is provided by the Committee on Appropriations Subcommittees on Commerce, Justice, Science, and Related Agencies. Below are recommended options the committees of jurisdiction may wish to consider when making final policy and funding decisions.

#### DISCRETIONARY SPENDING

*Restore Core Government Responsibilities.* Spending on research and development within NSF, DOE's Office of Science, and NASA's Earth Science Division should be more transparent and should clearly illustrate how each agency serves the national interest. In response, this budget prioritizes resources for basic scientific research. It recommends responsibly paring back applied and commercial research and development and addressing areas of wasteful spending that do not provide a high return on taxpayer investment.

*Reduce Expenses for the Department of Homeland Security's Directorate of Science and Technology.* Much of the research done within this office is duplicative of work conducted by other agen-

cies. This budget recommends reductions in management and administrative expenses for the Department of Homeland Security's Directorate of Science and Technology, while shifting funding to frontline missions and capabilities.



## FUNCTION 270: ENERGY

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### Function Summary

Discretionary spending in Function 270 includes many of the civilian energy and environmental programs within the Department of Energy (DOE). It also includes funding for the operations of the Nuclear Regulatory Commission (NRC). The majority of DOE's discretionary budget is allocated to applied research and development (R&D), commercialization, and deployment of energy technologies in renewable energy, energy efficiency, fossil energy, nuclear energy, electricity delivery, and energy reliability. Mandatory spending in this category includes the remaining civilian energy and environmental programs at DOE. It also includes the Rural Utilities Service of the Department of Agriculture, the Tennessee Valley Authority, and the Federal Energy Regulatory Commission.

### Summary of Committee-Reported Resolution

In fiscal year 2019, the budget calls for –\$2.6 billion in budget authority and \$4.2 billion in outlays. Of that total, discretionary spending totals –\$1.3 billion in budget authority and \$6.4 billion in outlays, and mandatory spending totals –\$1.2 billion in budget authority and –\$2.1 billion in outlays. The 10-year totals for budget authority and outlays are –\$2.6 billion and \$1.3 billion, respectively. The negative balances reflect the incoming repayment of loans and receipts from the sale of electricity produced by federal entities, which are accounted for as “negative spending,” as well as rescissions of unobligated balances in green energy loan programs.

### Illustrative Policy Options

The authorizing House committees for programs within Function 270 include: the Committee on Energy and Commerce, the Committee on Natural Resources, and the Committee on Science, Space, and Technology. Funding is provided by the Committee on Appropriations Subcommittee on Energy and Water Development, and Related Agencies. Below are options the committees of jurisdiction may wish to consider when making final policy and funding decisions.

#### DISCRETIONARY SPENDING

*Reduce Funding for Commercial Research and Development.* The budget supports maintaining current funding levels for basic R&D activities within DOE, while significantly reducing funding for applied R&D. Focusing on basic R&D allows DOE to zero in on cut-

ting-edge discoveries in the physical sciences and leaves the application, commercialization, and deployment of new technologies to the private sector.

*Rescind Unobligated Balances from the Title XVII Loan Guarantee Program.* The budget recommends rescinding unobligated balances in DOE's Title XVII, Section 1703 loan guarantee program. This Obama Administration, stimulus-era program provides broad authority for DOE to issue loans for commercial and advanced technology projects. Only three loan guarantees have been closed since the start of the program, all related to an \$8 billion fossil energy project to reduce greenhouse gas emissions. The government should continue to manage the existing portfolio of loan guarantees, but it should not put additional tax dollars at risk by issuing new loan guarantees. The federal government should reclaim the remaining spending authority that DOE has not yet obligated to ensure that taxpayers are not exposed to further financial risk.

*Rescind Unobligated Balances from the ATVM Direct Loan Program.* The budget recommends rescinding unobligated balances in DOE's Section 136 Advanced Technology Vehicles Manufacturing (ATVM) direct loan program. ATVM was created in 2007—and bolstered during the 2009 stimulus—to provide incentives to car manufacturers to produce more fuel-efficient vehicles. This stimulus-era program is no longer a productive or critical use of taxpayer funding. Only five loans have been closed under this authority, and since 2011, no new loans have closed. While DOE should continue to provide responsible management and oversight for the existing loan portfolio, the federal government should rescind the remaining loan authority and protect the taxpayer from future losses.

#### MANDATORY SPENDING

*Rescind Unobligated Balances from DOE's Green Energy Programs.* Since implementation of the American Recovery and Reinvestment Act of 2009, commonly known as the stimulus, DOE's green energy loan programs have led to numerous failures. Examples include Solyndra and Abound Solar, which have wasted billions of taxpayer dollars. This budget would reclaim all of DOE's unobligated spending authority, ensuring taxpayers are not exposed to further risk for renewable energy projects that would not otherwise be market-viable.

*Repeal Stimulus-Driven Borrowing Authority Specifically for Green Transmission.* This budget calls for repeal of the borrowing authority in the Western Area Power Administration's Transmission Infrastructure Program, which provides loans to develop new transmission systems aimed solely at integrating renewable energy. This authority was established in the 2009 stimulus. The nation's investments in transmission assets are best carried out by the private sector, and this budget recommends the rescission of the program's unobligated funds.

## **FUNCTION 300: NATURAL RESOURCES AND ENVIRONMENT**

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### **Function Summary**

The discretionary programs in Function 300 relate to the conservation of natural resources and the environment. The activities in this function include maintaining infrastructure, dams, coastland, and waterways; sustaining fish, birds, and other wildlife; managing national parks and forests; and providing daily weather forecasts.

The major mandatory programs in this function are conservation programs authorized in the Farm Bill, outlays from programs supported by excise taxes, and Superfund activities. The departments and agencies under Function 300 are the Department of the Interior (DOI), the Environmental Protection Agency (EPA), the Army Corps of Engineers, the U.S. Forest Service and other conservation and land management activities within the Department of Agriculture (USDA), and the water resources and conservation activities of the National Oceanic and Atmospheric Administration (NOAA). Notable agencies within DOI include the Bureau of Land Management, the National Park Service, the Bureau of Indian Affairs, the U.S. Fish and Wildlife Service, and the Bureau of Reclamation.

### **Summary of Committee-Reported Resolution**

The budget calls for \$52.2 billion in budget authority and \$37.6 billion in outlays in fiscal year 2019. Of that total, discretionary spending totals \$52.6 billion in budget authority and \$37.3 billion in outlays, and mandatory spending totals -\$386 million in budget authority and \$321 million in outlays. The 10-year totals for budget authority and outlays are \$575.5 billion and \$423.2 billion, respectively.

### **Illustrative Policy Options**

The principal House authorizing committees in this function are the Committee on Natural Resources, the Committee on Agriculture, and the Committee on Transportation and Infrastructure. Funding is provided primarily by the Committee on Appropriations Subcommittee on Interior, Environment, and Related Agencies, Subcommittee on Energy and Water Development, and Related Agencies, and Subcommittee on Agriculture, Rural Development, Food and Drug Administration, and Related Agencies. Below are

options the committees of jurisdiction may wish to consider when making final policy and funding decisions.

#### DISCRETIONARY SPENDING

*Streamline Climate Change Activities Across Government.* This budget recommends savings be achieved by changing duplicative or unproductive policies related to climate change activities and research. It calls for better coordination of programming and funding to eliminate unnecessary spending. Many of the programs addressed are funded within NOAA, as well as EPA and the National Aeronautics and Space Administration.

*Eliminate the National Sea Grant College and Fellowship Programs.* Since 1966, NOAA has provided federal funds to universities and academic research organizations in 33 states to sponsor a variety of marine research, outreach, and education projects. NOAA also funds a National Sea Grant Office, which offers fellowships for graduate students. While these sorts of programs can provide valuable learning opportunities, this budget suggests that facilitation of education-based grants and fellowships is a role better suited for either the Department of Education or state and local governments.

*Reduce and Refocus Environmental Protection Agency Funding.* The Obama Administration used EPA and its budget to implement top-down regulatory policies to the detriment of states, localities, small businesses, and energy consumers. This budget calls for reducing annual funding levels in order to return EPA to its core mission of simply enforcing laws passed by Congress—rather than continually attempting to re-write them through regulations.

#### MANDATORY SPENDING

*Maintain Existing Land Resources.* The federal government already struggles with an \$18 billion land maintenance backlog, with \$11.6 billion of maintenance solely within the National Park Service. This budget keeps funding for land acquisition under congressional oversight and gives states and localities more control over their own land and resources. This budget also supports the permanent reauthorization of the Federal Land Transaction Facilitation Act,<sup>1</sup> which was included in H.R. 1625, the Consolidated Appropriations Act of 2018.<sup>2</sup> The program facilitates strategic federal land sales by the Bureau of Land Management (BLM). It also helps consolidate the public-private land checkerboard across the country and seeks to advance local community, conservation, and recreation needs.

*Expand Access to Federal Land for Timber Harvest.* Timber harvest rates on federal land have declined for nearly 30 years. However, states and localities depend on their share of these harvest receipts to pay for schools and other local priorities. As a result of harvest decline, receipts have increasingly fallen short of expectation and need. This budget recommends expanding timber harvests

<sup>1</sup>Federal Land Transaction Facilitation Act, Title II of Pub. L. No. 106–248, 114 Stat. 598 (2000).

<sup>2</sup>Consolidated Appropriations Act, 2018, Pub. L. No. 115–141, 132 Stat. 348 (2018).

in order to generate economic growth in localities throughout the country and increase federal, state, and local receipts.

*Active Federal Forest and Land Management.* This budget supports the work of the House Committee on Natural Resources and the enactment of H.R. 2936, the Resilient Federal Forests Act of 2018.<sup>3</sup> This legislation improves the ability of the U.S. Forest Service (USFS) and other DOI agencies to actively manage federal lands and decrease the threat of wildfires and other devastating catastrophes that affect communities and recreational areas nationwide. H.R. 1625 allocates dedicated USFS and DOI emergency funding in order to provide immediate access to additional reserves in the event of disastrous fire seasons and end the costly practice of withholding resources from active forest and land management in anticipation of wildland firefighting costs expected later in the fiscal year. Ending this practice, known as “fire borrowing,” frees up resources that should be prioritized toward investment in the active management of federal lands.

*Expand Onshore and Offshore Natural Resource Production.* Unlocking domestic energy supplies in a safe, environmentally-responsible manner will increase receipts from bonus bids, rental payments, royalties, and fees. This budget supports the work of DOI, BLM, the Bureau of Ocean Energy Management, and other federal agencies that have stemmed the tide of overbearing federal regulation to allow for a twenty-first century domestic energy renaissance.

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<sup>3</sup> Resilient Federal Forests Act of 2017, H.R. 2936, 115th Cong. (2017).



## **FUNCTION 350: AGRICULTURE**

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### **Function Summary**

Discretionary funding in Function 350 supports agricultural research, education, and economics; marketing and information services; and animal and plant health inspection services. Function 350 is the primary source of funding for the U.S. Department of Agriculture (USDA), which includes the Farm Service Agency, the Foreign Agricultural Service, the Risk Management Agency, and a variety of related programs and activities.

The House Committee on Agriculture has complete authority to determine mandatory spending policies under its jurisdiction and nothing in this report is intended to predetermine those specific choices. The Committee on the Budget will work with the Committee on Agriculture to ensure it has adequate flexibility to confront the significant challenges faced by America's farmers and ranchers, including an estimated reduction in net farm income and an uncertain trade environment that is increasingly dominated by foreign subsidies, tariffs, and non-tariff trade barriers.

The resolution supports the policies within H.R. 2, the Agriculture and Nutrition Act of 2018, which passed the House on June 21, 2018.<sup>1</sup> The Committee on Agriculture's legislation promotes fiscally-responsible initiatives that put the nation's farmers and ranchers first. Moreover, H.R. 2 reinforces the importance of rural communities, provides hardworking Americans with healthy and nutritious foods for their families, protects the country's forests and natural resources, and strengthens America's status as a major player in international trade.

### **Summary of Committee-Reported Resolution**

The resolution calls for \$23.5 billion in budget authority and \$22.5 billion in outlays in fiscal year 2019. Of that total, discretionary spending in fiscal year 2019 totals \$9.1 billion in budget authority and \$8.9 billion in outlays. Mandatory spending in 2019 is \$14.3 billion in budget authority and \$13.6 billion in outlays. The ten-year totals for budget authority and outlays are \$228.4 billion and \$221.9 billion, respectively.

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<sup>1</sup>Agriculture and Nutrition Act of 2018, H.R. 2, 115th Cong. (2018).

## **Illustrative Policy Options**

### DISCRETIONARY SPENDING

Funding for discretionary agriculture programs and activities will be determined by the House Committee on Appropriations Subcommittee on Agriculture, Rural Development, Food and Drug Administration, and Related Agencies. This budget supports competitive grant-based research in an effort to spur agricultural study and place the United States at a competitive level internationally. Additionally, this budget recommends that continued attention be given to streamlining and, where possible, consolidating operations and activities across USDA agencies, including in its large network of county field offices.

### MANDATORY SPENDING

Among the options the Committee on Agriculture may wish to consider is the following:

*Continued Reform of Agricultural Programs.* While a number of reforms have been made to agricultural programs, the Committee on Agriculture is encouraged to continue identifying solutions and improvements. Any additional savings would be coupled with significant benefits realized from other functions in this budget, including regulatory relief and stronger economic growth as the burden of federal deficits is lifted.



## **FUNCTION 370: COMMERCE AND HOUSING CREDIT**

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### **Function Summary**

Function 370, the Commerce and Housing Credit function, consists of programs that support commercial activities, including housing credit, deposit insurance, financial services, and the advancement of commerce. Specific departments and agencies that are funded within Function 370 are the U.S. Department of Commerce, the Federal Housing Administration (FHA), some activities and programs of the Department of Housing and Urban Development (HUD), the U.S. Patent and Trademark Office, the Securities and Exchange Commission (SEC), and the Consumer Financial Protection Bureau (CFPB). Budget Function 370 also includes an off-budget category which is comprised of the U.S. Postal Service (USPS). The largest discretionary programs in Function 370 are the Federal Housing Administration's mortgage insurance program, securitization of Government National Mortgage Association (GNMA, or Ginnie Mae) loans, the Census Bureau, and the National Institute of Standards and Technology. The major mandatory programs in this function are deposit insurance, the U.S. Postal Service (USPS), the Universal Service Fund (USF), and the Consumer Financial Protection Bureau (CFPB).

### **Summary of Committee-Reported Resolution**

The budget calls for a total of –\$6.1 billion in budget authority and –\$11.5 billion in outlays in fiscal year 2019. Of that total, discretionary spending totals –\$9.7 billion in budget authority and –\$9.3 billion in outlays, and mandatory spending totals \$3.5 billion in budget authority and –\$2.2 billion in outlays. The 10-year totals for budget authority and outlays are –\$83.2 billion and –\$171.5 billion, respectively.

On-budget totals for fiscal year 2019 are –\$4.3 billion in budget authority and –\$9.7 billion in outlays. Of these amounts, discretionary budget authority is –\$9.9 billion, with outlays of –\$9.6 billion. Mandatory on-budget spending for fiscal year 2019 is \$5.6 billion in budget authority and –\$115 million in outlays. Over 10 years, the on-budget totals are –\$67.2 billion in budget authority and –\$155.5 billion in outlays.

Negative discretionary totals for budget authority and outlays mainly reflect the negative subsidy rates applied to certain loan and loan-guarantee programs scored under the guidelines of the Federal Credit Reform Act, such as FHA and Ginnie Mae pro-

grams. It should be noted that FHA loans are scored using a different accounting method than the fair-value estimates that CBO applies to Fannie Mae and Freddie Mac, resulting in budget disparities.

Off-budget totals for fiscal year 2019 are –\$1.8 billion in budget authority and –\$1.8 billion in outlays. Of these amounts, discretionary totals are \$271 million in budget authority and \$270 million in outlays. Over 10 years, the discretionary off-budget totals are \$3.2 billion in budget authority and \$3.2 billion in outlays. Mandatory off-budget spending for fiscal year 2019 is –\$2.1 billion in budget authority and –\$2.1 billion in outlays. Over 10 years, the mandatory off-budget totals are –\$19.2 billion in budget authority and –\$19.2 billion in outlays.

### Illustrative Policy Options

The House authorizing committees of jurisdiction for Function 370 programs include the Committee on Financial Services, Committee on Small Business, Committee on Energy and Commerce, and the Committee on Oversight and Government Reform. Funding is provided primarily by the Committee on Appropriations Subcommittee on Commerce, Justice, Science, and Related Agencies and Subcommittee on Financial Services and General Government. Below are options these committees may wish to consider when making final policy and funding decisions.

#### DISCRETIONARY SPENDING

*Tighten the Belts of Government Agencies.* Duplication, hidden subsidies, and large bureaucracies are symptomatic of many agencies within Function 370. For example, the Securities and Exchange Commission now has more than 4,000 employees. The SEC's current budget authority represents an increase of roughly 50 percent since the passage of the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank) in 2010.<sup>1</sup> From a decade ago, budget authority is today 100 percent higher. Since 2000, the SEC's budget authority has increased roughly 400 percent. Despite these large increases, the SEC has consistently requested additional funding. The premise that more funding for the SEC means better, smarter regulation is highly questionable. The agency should be reformed so it can perform its duties more efficiently.

Congress should assess the ever-growing spending of federal agencies, determining what levels are necessary to effectively and efficiently execute their missions, and adjusting funding accordingly.

#### MANDATORY SPENDING

*Reform the Universal Service Fund.* The Universal Service Fund (USF) provides subsidized telecommunications services through four main programs: High-Cost Support, Schools and Libraries (E-rate), the Lifeline Program, and Rural Health Care. The USF is funded through mandatory contributions by carriers, who pass these costs on to consumers as fees on subscribers' telephone bills.

<sup>1</sup>Dodd-Frank Wall Street Reform and Consumer Protection Act, Pub. L. 111–203, 124 Stat. 1376 (2010).

Rather than maintaining assets in the U.S. Treasury, the Federal Communications Commission (FCC) maintains the USF's roughly \$9 billion in net assets in a private bank account, where they are not subject to the management and safeguards as other federal programs.<sup>2</sup> This budget resolution aims to reform burdensome USF programs and has identified Lifeline as a key example.

Lifeline provides subsidies to about 12.3 million low-income Americans for telephone, wireless, and broadband service, at a cost of about \$1.5 billion per year.<sup>3</sup> To be eligible, a household must have an income at or below the federal poverty line or must participate in one of several safety net programs, such as Medicaid or the Supplemental Nutrition Assistance Program (SNAP). Yet, due to a loosely monitored oversight arrangement, Lifeline is highly susceptible to waste, fraud, and abuse. According to a recently released GAO report, Lifeline has "limited abilities to detect and prevent ineligible subscribers from enrolling."<sup>4</sup> This is because its structure relies on more than 2,000 Eligible Telecommunication Carriers with the dual duties of receiving subsidies from the federal government and verifying subscriber eligibility for each subsidy. Therefore, these carriers have a financial incentive to sign up as many subscribers as possible—regardless of program eligibility. Moreover, about 96 percent of low-income households already have phone service.<sup>5</sup>

While the FCC has taken steps to rectify some of Lifeline's internal controls, the agency's most significant reform plans—creation of a third-party national eligibility verifier and an independent third party tasked with evaluating the Lifeline program's design, function, and administration—will not materialize until 2019 and 2020, respectively. Reforming this program would significantly reduce the burden on taxpayers.

*Repeal the Orderly Liquidation Authority.* Through the Orderly Liquidation Fund (OLF), the Federal Deposit Insurance Corporation (FDIC) now has the authority to access taxpayer dollars to bail out the creditors of large, "systemically significant" financial institutions. This increases moral hazard on Wall Street by explicitly guaranteeing future bailouts. The budget resolution calls for repeal of this authority and the associated fund.

*Appropriate all Federal Financial Regulators.* With the exception of the SEC, all federal financial regulators are mandatory programs and not subject to congressional oversight through appropriations. This budget recommends that these financial regulators have their budgets moved to the discretionary side of the ledger and set by Congress through the annual appropriations process.

*Eliminate the Consumer Financial Protection Bureau.* Dodd-Frank gave this new Bureau off-budget financing and complete, unfettered autonomy. Currently, the Federal Reserve returns its excess earnings from monetary operations to the U.S. Treasury to re-

<sup>2</sup> Government Accountability Office, *Additional Action Needed to Address Significant Risks in FCC's Lifeline Program*, report no. GAO-17-538, May 30, 2017. The \$9 billion figure is as of September 2016.

<sup>3</sup> GAO, GAO-17-538. The program was created in the mid-1980s to promote telephone service for low-income households. Wireless service came to be included in the mid-2000s, and broadband in 2016.

<sup>4</sup> GAO, GAO-17-538.

<sup>5</sup> GAO, GAO-17-538.

duce the deficit. Now, instead of directing these funds to reduce the deficit, Dodd-Frank requires diverting a portion of them to pay for a new bureaucracy with the authority to write far-reaching rules on financial products and restrict credit to the very customers it seeks to “protect.” The budget resolution calls for the elimination of the CFPB.

#### OFF-BUDGET MANDATORY SPENDING

*Reform the U.S. Postal Service.* The USPS boasts an iconic brand name, universal service, and certain competitive advantages regarding market-dominant products. In recent decades, however, USPS has faced financial instability stemming largely from reduced demand for its services and ever-growing unfunded pension and health care liabilities. Mail volume and revenue continue to decrease, but liabilities continue to increase, creating a net loss for USPS for the eleventh consecutive year. In fiscal year 2017, USPS saw a 3.1 percent decline in mail volume and a 2.6 percent decline in revenue over the previous year. Although the pension and health care issues were addressed over a decade ago by requiring USPS to prefund these retirement obligations, USPS has not set aside sufficient funds to cover these ever-expanding obligations. The financial condition at USPS is so dire that GAO regularly places USPS on its “High Risk List.”<sup>6</sup>

The budget supports the continued work of the House Committee on Oversight and Government Reform and their broad-based restructuring of USPS and its finances. By providing USPS with the flexibility that any business needs to create a viable and sustainable business model, these reforms should allow the USPS to compete in a twenty-first century economy and to respond to changing market conditions, including declining mail volume. Examples of flexibilities that should be considered have been included in several reform proposals approved by the House Committee on Oversight and Government Reform, including calls to modify both the frequency and type of mail delivery. Granting the U.S. Postal Service the authority to expand the products and services it provides would aid in creating additional revenue. This budget also recognizes the need to reform compensation of postal employees, who currently pay a smaller share of the costs of their health and life insurance premiums than do all other federal employees, and to address the prefunding schedule for postal retiree health and retirement benefits established in the Postal Accountability and Enhancement Act of 2006.<sup>7</sup>

<sup>6</sup>Government Accountability Office, High-Risk Series: Progress on Many High-Risk Areas, while Substantial Efforts Needed on Others, report no. GAO-17-317, February 15, 2017, <https://www.gao.gov/products/GAO-17-317>.

<sup>7</sup>Postal Accountability and Enhancement Act, Pub. L. No. 109-435, 120 Stat. 3198 (2006).

## FUNCTION 400: TRANSPORTATION

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### Function Summary

Function 400 is comprised of the nation's land, air, water, and other transportation funding, consisting of both discretionary and mandatory programs. The budget proposes initiatives to provide the country with a more competent, well-rounded, and innovative transportation system that strengthens efficiency and bolsters development at the state and local levels. The departments and agencies under this function include: the Department of Transportation, the Federal Aviation Administration, the Federal Highway Administration, and the highway, motor-carrier safety, and rail components of the Federal Transit Administration.

### Summary of Committee-Reported Resolution

The budget calls for \$95.2 billion in budget authority and \$92.5 billion in outlays in fiscal year 2019. Of that total, discretionary spending totals \$34.6 billion in budget authority and \$91.4 billion in outlays, and mandatory spending totals \$60.6 billion in budget authority and \$1.1 billion in outlays. The 10-year totals for budget authority and outlays are \$774.3 billion and \$823.9 billion, respectively.

### Illustrative Policy Options

The primary House authorizing committee for Function 400 is the Committee on Transportation and Infrastructure. Funding is determined by the Committee on Appropriations Subcommittee on Transportation, Housing and Urban Development, and Related Agencies. Below are options committees of jurisdiction may wish to consider when making final policy and funding decisions for future legislation.

#### DISCRETIONARY SPENDING

*Reduce Federal Subsidies for the National Railroad Passenger Corporation (Amtrak).* Consistent with President Trump's fiscal year 2019 budget request, the budget assumes a reduction in federal subsidies for Amtrak operations. Federal subsidies have disabled Amtrak from becoming a self-sufficient entity. This behavior has unfairly committed taxpayers to continually financing business and recreational trips for a small fraction of the population. The budget proposes policies that would allow Amtrak's management to make prudent business decisions in a competitive operating environment with reduced federal subsidies.

*Phase Out Future Capital Investment Program Grants.* Often referred to as New Starts, Capital Investment Program Grants are designed to fund communal transit projects, which include developments ranging from heavy rail to local streetcars. Due to the federal government's involvement with administering these grants, projects can be dissuaded from local interests and priorities. The budget supports fulfilling current obligations and then phasing out new grants; this phase-out would give states and cities time to plan their future transportation priorities and budgets accordingly. Doing so will allow communities to tailor projects in a way that best reflects local interests.

*Encourage Improved Performance and Safety at Washington Metropolitan Area Transit Authority (WMATA).* Commonly called "Metro," the WMATA is a local transit authority that operates rail, bus, and paratransit services throughout the nation's capital and other neighboring communities. In addition to fare and advertising revenue, it receives federal aid through the annual appropriations process. The District of Columbia, Maryland, and Virginia also raise matching funds through dedicated funding sources to pay for Metro's services. However, the transit agency has been fraught with systemic poor performance in several areas: low on-time performance, weekly service disruptions, maintenance backlogs, smoky rail tunnels, and high operating costs. This budget resolution supports legislative reforms that encourage Metro to contain costs, provide better services, and operate more like a business, rather than continue to reward a poorly-operated system with greater taxpayer-funded subsidies. Metro customers would benefit from safer, more reliable service.

#### MANDATORY SPENDING

*Ensure Long-Term Solvency of the Highway Trust Fund.* The budget proposes sensible, necessary reforms to place the Highway Trust Fund (HTF) back on strong financial footing. It does not propose any General Fund bailouts or adding to the deficit as solutions. This budget calls for adopting commonsense improvements to avert the impending bankruptcy of the HTF—which CBO projects in fiscal year 2021—and aligning revenues with spending.

## FUNCTION 450: COMMUNITY AND REGIONAL DEVELOPMENT

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### Function Summary

Function 450, the Community and Regional Development function, includes programs to improve community economic conditions and promote rural development. Programs in this function also assist in natural disaster response and preparation. The largest discretionary programs in Function 450 are disaster assistance and relief activities at the Federal Emergency Management Agency (FEMA) and the Community Development Block Grant program (CDBG). The major mandatory programs in this function are the National Flood Insurance Program (NFIP), the Gulf Coast Restoration Trust Fund, and Rural Economic Development Loan and Grant Program.

### Summary of Committee-Reported Resolution

The budget calls for \$74.7 billion in budget authority and \$44.5 billion in outlays in fiscal year 2019. Of that total, discretionary spending totals \$74.8 billion in budget authority and \$43.9 billion in outlays, and mandatory spending totals –\$88 million in budget authority and \$629 million in outlays. The 10-year totals for budget authority and outlays are \$826.3 billion and \$620.5 billion, respectively.

### Illustrative Policy Options

The House authorizing committees in this function are the Committee on Agriculture, the Committee on Transportation and Infrastructure, the Committee on Financial Services, and the Committee on Energy and Commerce. Funding is provided by the Appropriations Subcommittee on Homeland Security, Subcommittee on Energy and Water Development, and Related Agencies, and the Subcommittee on Transportation, Housing and Urban Development, and Related Agencies. Below are options the committees of jurisdiction may wish to consider when making final policy and funding decisions.

#### DISCRETIONARY SPENDING

*Eliminate Non-Core Programs.* At a time when reducing spending is imperative for the nation's long-term fiscal health, this budget recommends taking a hard look at community and regional programs. It suggests scrutinizing programs that deliver funds for

non-core federal government functions and consolidating and streamlining programs wherever possible to reduce duplication.

*Reform the Federal Emergency Management Agency.* This budget supports implementation of reforms at FEMA, as enacted by H.R. 2266, the Additional Supplemental Appropriations for Disaster Relief Requirement Act, 2017. The relevant reforms improve service delivery and efficacy in disaster assistance. At the same time, this budget proposes additional steps to eliminate overlap and inefficiencies. It also acknowledges the need to consider reforms for disaster-relief assistance to ensure state and local governments in the most need are receiving assistance.

#### MANDATORY SPENDING

*Reform and Reauthorize the National Flood Insurance Program.* The National Flood Insurance Program was created in 1968 to help protect property owners in at-risk communities by offering a government-administered insurance supplement to disaster assistance.

For many years, NFIP's cost was covered by a combination of premiums and occasional short-term borrowing from the U.S. Treasury. Since 2004, NFIP has relied on long-term Treasury borrowing that it cannot repay. To date, NFIP has incurred over \$36.5 billion in debt. While the recent enactment of H.R. 2266 forgave \$16 billion of NFIP's debt, major reforms are still needed to restore the program's solvency.

Currently, insurance premiums paid to NFIP do not cover the increasing annual claims that the program pays out, causing average yearly deficits of \$1.4 billion. With the program set to expire on July 31, 2018, it is critical that Congress and the Trump Administration enact the necessary reforms to make NFIP financially sustainable and to prevent continued taxpayer-funded bailouts of the flood insurance program.

This budget supports the continued work of the House Committee on Financial Services. It includes recent reauthorization efforts to substantially reform how NFIP works, address the financial solvency of the program, provide policyholders with non-government alternatives to the NFIP, and bring flood insurance premiums closer to parity with private market rates.



## FUNCTION 500: EDUCATION, TRAINING, EMPLOYMENT, AND SOCIAL SERVICES

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### Function Summary

It is a national goal and focus of federal policymakers to ensure that all Americans have access to high-quality education. A robust economy relies on having a well-trained and educated workforce. Function 500 consists of programs that receive both mandatory and discretionary funds, and the activities funded within it fund developmental services to low-income children, help fund programs for disadvantaged and other elementary- and secondary-school students, make grants and loans to post-secondary students, and fund job training and employment services for people of all ages. The principal agencies that administer these programs are the U.S. Department of Education and the U.S. Department of Labor.

### Summary of Committee-Reported Resolution

In fiscal year 2019, the budget calls for \$89.6 billion in budget authority and \$105.8 billion in outlays. Of that total, discretionary spending totals \$93.0 billion in budget authority and \$100.7 billion in outlays, and mandatory spending is –\$3.3 billion in budget authority and \$5.1 billion in outlays. The 10-year totals for budget authority and outlays are \$982.1 billion and \$1.0 trillion, respectively.

### Illustrative Policy Options

The principal authorizing committee for Function 500 is the House Committee on Education and the Workforce. Funding is provided by the Committee on Appropriations Subcommittee on Labor, Health and Human Services, Education, and Related Agencies.

#### DISCRETIONARY SPENDING

*Reform Job-Training Programs.* The Bureau of Labor Statistics reports that 6.1 million Americans are unemployed. Yet, it also reports 6.6 million job openings.<sup>1</sup> This gap is due in part to the failure of the nation's workforce-development programs to successfully match workers' skills with employers' needs. In 2014 the Workforce Innovation and Opportunity Act (WIOA)<sup>2</sup> made important reforms to consolidate duplicative training programs. This budget builds off

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<sup>1</sup> Bureau of Labor Statistics, Department of Labor, "The Employment Situation— May 2018," May 2018, <https://www.bls.gov/news.release/pdf/empst.pdf>.

<sup>2</sup> Workforce Innovation and Opportunity Act, Pub. L. No. 113-128, 128 Stat. 1425 (2014).

the success of WIOA by calling for further consolidation of duplicative federal job training programs. A streamlined approach with increased oversight and accountability will not only provide administrative savings, but will improve access, choice, and flexibility, enabling workers and job seekers to respond quickly and effectively to whatever career-specific challenges they face.

*Make the Pell Grant Program Sustainable.* The Pell Grant program is the foundation of federal student aid and serves as a portable grant aimed at making college more affordable for low-income students. However, the future of the program is at risk for those who need it most due to the maximum award level's continued increase without the enactment of necessary structural reforms. Between fiscal years 2006 and 2017, the cost of the Pell Grant program has risen from \$12.8 billion to \$23.4 billion.<sup>3</sup> During this period, the program experienced fluctuating discretionary funding and several shortfalls. In fiscal years 2011 and 2012, for example, Congress provided \$36.5 billion each year to sustain the program. Instead of making necessary reforms, lawmakers have instead relied on mandatory funds to support discretionary funding deficiencies. The budget envisions responsible reforms so that Pell Grants will continue to remain available for future students. These include the following:

- Eliminate administrative fees paid to participating institutions. The government pays participating schools \$5 per grant to administer and distribute Pell awards. Schools already benefit from the Pell Grant program, because the aid makes attendance at those schools more affordable.
- Consider setting a maximum-income cap. Currently, there is no fixed upper-income limit for a student to qualify for a Pell Grant. The higher the income level of the student and the student's family (and therefore, expected family contribution to the student's education), the smaller the grant he or she receives.
- Eliminate eligibility for less-than-half-time students. Some students eligible for Pell Grants may be balancing a job and college courses, along with other responsibilities. Timely completion of required course credits remains important, and the budget supports reserving funding for students who are enrolled on at least a half-time basis.
- Consider reforms to Return of Title IV Funds regulations. Simple changes to this policy, such as increasing the amount of time a student must attend class to withdraw without debt owed for back assistance, will increase the likelihood of students completing their courses and reduce incentives for fraud. It will also motivate institutions of higher education to focus more on student completion.
- Adopt a sustainable maximum-award level. To make Pell Grant program funding more stable and sustainable, the budget recommends maintaining the maximum award for the 2018–

<sup>3</sup>*The Budget and Economic Outlook: 2018 to 2028*, Congressional Budget Office, April 2018, Pell Grant Program Supplementary Tables, <https://www.cbo.gov/sites/default/files/recurringdata/51304-2018-04-pellgrant.pdf>.

2019 award year, of \$6,095, in each year of the budget window. Discretionary appropriations would fund this award.

*Encourage Innovation in Higher Education.* In addition to focusing on financial aid, federal higher-education policy should also focus on policies that maximize innovation and ensure a robust menu of institutional options for students and their families. Such policies should include ensuring students have the necessary information to assist them in making decisions about where to go to college and how to pay for it. Additionally, the federal government should remove regulatory barriers in higher education that act to restrict flexibility and innovation in teaching, particularly as it relates to contemporary models, such as online coursework.

*Ensure Federal Early Childhood Programs Work for Children and Families.* The budget supports future reforms by the committees of jurisdiction to programs that do not improve outcomes for children and parents. Much like the Every Student Succeeds Act,<sup>4</sup> this budget better targets resources to deliver efficient programs and gives states and localities the opportunity to innovate and pursue programs that have proven successful. A study released in 2010 by the U.S. Department of Health and Human Services (HHS) found the Head Start program that serves children across the country was not providing lasting improvements in participating children's math, language, and literacy skills. Nor was it improving parenting practices.<sup>5</sup> The budget supports the committees of jurisdiction adopting reforms to ensure that bureaucracy and regulation do not bog down programs, such as Head Start, and that they work as intended for children and parents.

*Encourage Private Funding for Cultural Agencies.* It should not be the responsibility of the federal government to provide subsidies for cultural agencies, such as the Corporation for Public Broadcasting, the National Endowment for the Arts, and the National Endowment for the Humanities. This budget recommends federal cultural agencies generate financial support from private-sector patrons.

*Make Way for Increased State, Local, and Private Financial Support for Museums and Libraries.* The federal government currently provides funding for museums and libraries across the nation. State and local governments are best positioned to manage and invest in these museums and libraries. Charitable contributions from private-sector businesses, organizations, and individuals in civil society can also augment this funding.

*Encourage More Private Support for the Smithsonian Institution.* The Smithsonian Institution consists of 19 museums and galleries, a zoological park, and research and supporting facilities. More than 30 million visitors enjoyed the Smithsonian complex in person in fiscal year 2017, and the Institution has the ability to connect with millions through its website, podcasts, and social media channels.<sup>6</sup> In fiscal year 2017, the Smithsonian raised \$234 million in private

<sup>4</sup> Every Student Succeeds Act, Pub. L. No. 114–95, 129 Stat. 1802 (2015).

<sup>5</sup> Department of Health and Human Services, *Head Start Impact Study*, January 15, 2010, [http://www.acf.hhs.gov/sites/default/files/opre/executive\\_summary\\_final.pdf](http://www.acf.hhs.gov/sites/default/files/opre/executive_summary_final.pdf).

<sup>6</sup> Smithsonian Institution, *Fiscal Year 2019 Budget Justification to Congress*, submitted to the Committee on Appropriations, February 2018, <https://www.si.edu/sites/default/files/about/fy2019-budgetrequestcongress.pdf>, 2.

funds.<sup>7</sup> The budget supports continued efforts by the Smithsonian to generate non-federal revenue. Given the current federal fiscal environment, increased private funding can better enable the Smithsonian to expand its collections, improve existing facilities, and make better business decisions.

*Eliminate the Corporation for National and Community Service.* Programs administered by this agency provide funding to students and others who work in certain areas of public service. Participation in these programs is not need-based. The United States has a long history of robust volunteerism and other efforts that provide services to communities and individuals. Americans' generosity in contributing their time and money to these efforts is extraordinary and should be encouraged rather than be compensated for with federal dollars.

#### MANDATORY SPENDING

*Eliminate In-School Interest Subsidies for Undergraduate Students.* The federal government provides aid to students based on family income, offers a number of loan repayment plans and protections, and in some cases, forgives certain loan amounts after graduation. There is no evidence that in-school interest subsidies are critical to individual matriculation. Ending subsidies for future undergraduates creates parity with graduate student loans, which the government ceased to subsidize with the enactment of the bipartisan Budget Control Act of 2011.<sup>8</sup>

*Simplify and Streamline Existing Higher Education Programs.* The current federal aid system is unduly complicated and is comprised of six different loan programs, nine repayment plans, eight loan forgiveness programs, and 32 options for loan deferment and forbearance.<sup>9</sup> The budget supports streamlining student loan repayment plans and loan forgiveness, so that students and parents are better able to navigate the student loan space. The committees of jurisdiction may consider several options, including ending the Public Services Loan Forgiveness (PSLF) program and the Teacher Loan Forgiveness program or limiting forgiveness under either program. Borrowers who qualify for PSLF and the Teacher Loan Forgiveness program would also qualify for loan forgiveness in other loan repayment plans. According to a U.S. Department of Education report on the costs of income-driven repayment, borrowers from fiscal year 2015 will pay back \$11.5 billion less to the government than they borrowed.<sup>10</sup> These programs have become overly complex for borrowers and costly for taxpayers, and this budget encourages reforms to repayment and loan forgiveness to reverse this trend. President Trump's fiscal year 2019 budget also proposed ending PSLF and simplifying student loan repayment plans.

*Phase out Underused TEACH Grants.* The Teacher Education Assistance for College and Higher Education Grant Program

<sup>7</sup> Smithsonian Institution, 2.

<sup>8</sup> Budget Control Act of 2011, Pub. L. No. 112-25, 125 Stat. 240 (2011).

<sup>9</sup> House Comm. on Education and the Workforce, *Improving Federal Student Aid to Better Meet the Needs of Students*, opening statement by Rep. Brett Guthrie, May 21, 2017, <http://edworkforce.house.gov/news/documentsingle.aspx?DocumentID=401468>.

<sup>10</sup> Department of Education, *The Department's Communication Regarding the Costs of Income-Driven Repayment Plans and Loan Forgiveness Plans*, January 31, 2018, <https://www2.ed.gov/about/offices/list/oig/auditreports/fy2018/a09q0003.pdf>.

(TEACH) provides funding to undergraduate and graduate students who agree to teach for four years at schools that serve low-income students. Undergraduate students can receive up to \$16,000, and graduate students can receive up to \$8,000. If the obligation is broken, the grants become a Direct Unsubsidized Loan. The Government Accountability Office has reported several troubling findings about TEACH grants: one-third of the grants have been converted to loans—some erroneously; the program has only a 19-percent utilization rate among eligible students; and the Department of Education does not yet adequately evaluate the program's effectiveness.<sup>11</sup> This budget recommends phasing out the TEACH grant program.

*Eliminate the Duplicative Social Services Block Grant.* The Social Services Block Grant is a payment sent to states to create a flexible program that helps provide services such as childcare, health care, and other employment services. States are allowed wide discretion in determining how to spend this money and are not required to demonstrate outcomes. Further, numerous other federal programs provide the same services as the Social Services Block Grant. For these reasons, the budget recommends eliminating funding for this program.

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<sup>11</sup> Government Accountability Office, *Better Management of Federal Grant and Loan Forgiveness Programs for Teachers Needed to Improve Participant Outcomes*, report no. GAO-15-314, March 26, 2015, <https://www.gao.gov/assets/670/668634.pdf>.



## **FUNCTION 550: MEDICAID AND OTHER HEALTH**

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### **Function Summary**

Function 550 includes all discretionary health programs, the health insurance marketplace, and Medicaid. This function is broken into three subfunctions: health care services, health research and training, and consumer and occupational health and safety.

Health care services comprise the vast majority of Function 550 spending. This covers most direct health care service programs run by the federal government, with the exception of Medicare and veterans' health care. The primary component of Function 550 in terms of spending levels is Medicaid, but this category also includes the State Children's Health Insurance Program (SCHIP), federal employees' health benefits, spending related to the Patient Protection and Affordable Care Act (ACA), most programs run by the Centers for Disease Control and Prevention (CDC), the Indian Health Service, and others. Most of this spending is mandatory in nature.

Health research and training includes activities such as National Institutes of Health (NIH) research and some CDC activities. Consumer and occupational health and safety includes funding for the Food and Drug Administration (FDA), the Occupational Safety and Health Administration (OSHA), the Consumer Product Safety Commission, and others. Most of the funding streams for health research and training and consumer and occupational health and safety are discretionary in nature.

The center of all health care policy assumed in this budget resolution is the patient. Particularly on the mandatory spending side, this requires placing the emphasis on real Americans' health needs. Health care in America is complex and dynamic. It represents about one-fifth of the economy.<sup>1</sup>

### **Summary of Committee-Reported Resolution**

In fiscal year 2019, the budget calls for \$577.9 billion in budget authority and \$529.7 billion in outlays. Of that total, discretionary spending totals \$71.1 billion in budget authority and \$69.7 billion in outlays, and mandatory spending is \$506.8 billion in budget authority and \$460.0 billion in outlays. The 10-year totals for budget

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<sup>1</sup> Centers for Medicare and Medicaid Services, *National Health Expenditures 2015 Highlights*, <https://www.cms.gov/research-statistics-data-and-systems/statistics-trends-and-reports/nationalhealthexpenddata/downloads/highlights.pdf>.

authority and outlays are \$5.8 trillion and \$5.7 trillion, respectively.

### Illustrative Policy Options

The principal House authorizing committees in this category are the Committee on Energy and Commerce, the Committee on Ways and Means, and the Committee on Oversight and Government Reform. Funding is provided in the House by the Committee on Appropriations Subcommittee on Labor, Health and Human Services, Education, and Related Agencies, Subcommittee on Agriculture, Rural Development, Food and Drug Administration, and Related Agencies, and Subcommittee on the Legislative Branch. Below are options committees of jurisdiction may wish to consider when making final policy and funding decisions.

#### DISCRETIONARY SPENDING

*Foster Medical Research, Innovation, and Development.* For decades, the United States has been the biomedical innovation capital of the world. This stems from the nation's commitment to the discovery, development, and delivery of new treatments and cures. America should maintain its global leadership in medical science by encouraging competitive forces to work through the marketplace in delivering cures and therapies to patients. Federal policies should foster innovation in health care and promote medical ingenuity, not stifle it.

Medical breakthroughs and discoveries are made every day, and the pace of medical innovation will continue to quicken due to advancements in groundbreaking fields such as genomics, molecular medicine, and biomedical research. The NIH and the CDC foster fundamental creative discoveries, cures, and therapies. Laboratories housed within the U.S. Department of Health and Human Services, including NIH and CDC, rank first in the 2017 list of the world's most innovative research institutions.<sup>2</sup> The budget resolution supports a level of funding for these agencies that enables them to continue their critical work.

The budget also encourages the continuation of work started under the 21st Century Cures Act, which provided funds through the NIH and the Cures Innovation Fund for biomedical research, particularly early-stage, "high-risk, high-reward" research.<sup>3</sup> Patients should not be left to suffer the true costs of delaying life-saving innovation, and to this end, the budget encourages the work of the authorizing committees in examining the FDA approval process. The Trump Administration has signaled its intention to expedite review of potentially life-saving medicines and devices, and this budget supports those efforts.

*Combat the Opioid Epidemic.* The budget recognizes that the United States is in the midst of a deadly battle with opioid and heroin abuse and addiction. According to the CDC, an average of 115 Americans die each day from an opioid overdose.<sup>4</sup> In the state

<sup>2</sup>David Ewalt, "The World's Most Innovative Research Institutions," *Reuters*, March 1, 2017, <http://www.reuters.com/article/innovative-institutions-ranking-idUSL2N1GC1NG>.

<sup>3</sup>21st Century Cures Act, H.R. 6, 114th Cong. (2015).

<sup>4</sup>Centers for Disease Control and Prevention, "Opioid Basics: Understanding the Epidemic," August 30, 2017, <https://www.cdc.gov/drugoverdose/epidemic/index.html>.



of Tennessee, there are more opioid prescriptions than people. In 2015, Tennessee health care professionals wrote nearly 8 million prescriptions for opioids—equating to 1.18 opioid prescriptions per Tennessean.<sup>5</sup> Nearly 5 percent of Tennesseans suffer from opioid abuse.<sup>6</sup> This exemplifies the larger challenge faced by Americans nationwide.

The Committee on Energy and Commerce has led an ongoing oversight effort to ascertain which federal programs have been effective in combatting opioid abuse and which have not.<sup>7</sup> The budget resolution supports a continuation of these efforts. It calls for a complete examination of the federal response to the crisis. This year, both the Committee on Energy and Commerce and the Committee on Ways and Means have advanced legislative packages addressing the opioid crisis. The budget resolution supports these endeavors. The government should implement prevention activities and evaluate them to identify effective strategies for preventing substance abuse. The budget resolution includes a policy statement that describes in detail the contours of how the federal government should respond to the ongoing substance abuse crisis.

*Defend against Bioterrorism.* The Constitution requires the federal government to provide for the common defense—a function that has implications for health care in a global environment fraught with chemical, biological, radiological, and nuclear (CBRN) weapons. In following this commitment, the budget supports funding to guard against bioterrorism.

The federal government operates a pathway for the development and procurement of medical countermeasures (MCM) to bioterrorism events. When the Department of Homeland Security, in collaboration with the U.S. intelligence community, identifies a CBRN threat, it begins the MCM development and stockpiling process. The linchpin of the process is Project BioShield.<sup>8</sup> Project BioShield uses the Special Reserve Fund to procure and stockpile MCMs that are approved only for emergency use, following their research and development by NIH and the Biomedical Advanced Research and Development Authority (BARDA). Once MCMs received Food and Drug Administration (FDA) approval, they are shifted to the CDC-funded Strategic National Stockpile. This budget recognizes the collaborative effort in developing MCMs is vital to safeguarding Americans against a bioterrorism attack. As such, it supports adequate, consistent, and, to the extent possible, advance funding for these activities.

At the time of this report's writing, the Trump Administration is preparing a comprehensive National Biodefense Strategy. The strategy should incorporate and unify the work of the 15 departments, eight independent agencies, and one independent institution

<sup>5</sup>Holly Fletcher, "There Are More Opioid Prescriptions than People in Tennessee," *The Tennessean*, September 19, 2016, <http://www.tennessean.com/story/news/health/2016/09/19/there-more-opioid-prescriptions-than-people-tennessee/90358404/>.

<sup>6</sup>Jake Lowary, "Tennessee Lawmakers Still Wrangling with Opioid Epidemic," *The Tennessean*, March 26, 2017, <http://www.tennessean.com/story/news/politics/2017/03/26/tennessee-lawmakers-still-wrangling-opioid-epidemic/98487640/>.

<sup>7</sup>Press Release, House Comm. on Energy and Commerce, March 29, 2017, <https://energycommerce.house.gov/news-center/press-releases/ec-leaders-comment-president-trump-s-executive-action-address-opioid>.

<sup>8</sup>Frank Gottron, *The Project BioShield Act: Issues for the 113th Congress*, Congressional Research Service, Report No. R43607, June 18, 2014.

currently conducting biodefense activities.<sup>9</sup> The budget supports a coordinated, crosscutting approach to prevention, preparedness, and response to a biological threat. Success of this effort requires a comprehensive accounting of biodefense spending across the federal government. The budget supports requests for the Office of Management and Budget to undertake this holistic budgeting approach in the development of the President's National Biodefense Strategy.<sup>10</sup>

*Target Resources, Improve Outcomes.* The budget supports better targeting of federal spending to achieve the country's health care goals. For example, the budget calls for eliminating duplicative programs at the U.S. Department of Health and Human Services (HHS). The budget supports the Trump Administration's proposal to absorb the Agency for Healthcare Research and Quality (AHRQ) into existing HHS agencies. The AHRQ's mission and areas of research exist within other HHS agencies and are, therefore, duplicative and unnecessary.

The budget also supports prudent investments to improve mental health care and awareness. In 2015, according to NIH, nearly 10 million adults in the U.S. lived with severe mental illness,<sup>11</sup> and it is important that the federal government give priority to treatment of the sickest and most vulnerable patients. The Government Accountability Office (GAO) recently conducted a study that identified more than 100 distinct programs supporting individuals with serious mental illness and found interagency coordination for programs severely lacking.<sup>12</sup> Federal programs should be reoriented to advance treatment for those facing serious mental illness.

This budget supports initiatives aimed at modernizing the health care system, such as advancing telemedicine. This practice utilizes technology that allows providers to interact with patients from a distance. It can offer access to care for patients who may otherwise not receive regular care, particularly those in rural areas. It also gives patients greater control over their own health care while reducing costs.<sup>13</sup> At the same time, this budget recognizes the government must not leave behind patients who rely on more traditional medical practices. Patient-centered care requires the budget to look forward as it fosters private-sector innovation, without abandoning currently available care models that patients require.

#### MANDATORY SPENDING

*Support Patient-Centered Health Care Reform.* The House of Representatives passed the American Health Care Act (AHCA) in a

<sup>9</sup>Blue Ribbon Study Panel on Biodefense, *Budget Reform for Biodefense: Integrated Budget Needed to Increase Return on Investment*, (Washington, DC, February 2018), page 7.

<sup>10</sup>Letter from the Honorable Tom Cole, Chairman of the Appropriations Subcommittee on Labor, Health and Human Services, Education and Related Agencies, House of Representatives, to the Honorable Mick Mulvaney, Director, Office of Management and Budget, May 9, 2018.

<sup>11</sup>National Institute of Mental Health, "Director's Blog: Mental Health Awareness Month: By the Numbers," May 15, 2015, <http://www.nimh.nih.gov/about/director/2015/mental-health-awareness-month-by-the-numbers.shtml>.

<sup>12</sup>Government Accountability Office, *HHS Leadership Needed to Coordinate Federal Efforts Related to Serious Mental Illness*, report to the Energy and Commerce Subcommittee on Oversight and Investigations, December 2014, <http://energycommerce.house.gov/sites/republishers.energycommerce.house.gov/files/114/Analysis/20150205GAOReport.pdf>.

<sup>13</sup>Bill Frist, "Telemedicine: A Solution to Address the Problems of Cost, Access, and Quality," *Health Affairs*, July 23, 2015, <http://healthaffairs.org/blog/2015/07/23/telemedicine-a-solution-to-address-the-problems-of-cost-access-and-quality/>.

critical first step toward returning health decisions to patients.<sup>14</sup> The Patient Protection and Affordable Care Act has increased insurance premiums and deductibles, limited consumers' choices of doctors and health plans, deprived millions of the coverage they had, and imposed taxes aimed at compelling people to purchase health coverage they do not want.<sup>15</sup> To complicate the problem, the ACA has caused massive distress in the insurance market it purported to help. In contrast, the American Health Care Act, as passed by the House, would unravel the ACA and infuse the insurance market with flexibility, competition, and greater stability.

This budget supports the bold reforms of the AHCA, which would lead to greater patient choice and higher quality care. The budget also encourages the Trump Administration's efforts to implement significant regulatory reform to alleviate the burdens of the ACA until the law's full repeal and replacement.

*Put Medicaid on a Budget.* The budget resolution supports the AHCA's model for transforming Medicaid from an open-ended benefit to a quality safety net for the nation's most vulnerable. States would have the option of choosing one of two possible designs: a per capita cap allotment or a block grant.

The AHCA strengthens and secures Medicaid by instituting a per capita cap, which converts the open-ended federal share of Medicaid spending into a finite per-person allowance is given to a state for every Medicaid enrollee and grows with medical inflation. The allotment is paired with reforms that allow states to design programs for their Medicaid enrollees, such as the ability to define the essential health benefits Medicaid must cover. Governors and state legislatures are closer to patients in their states and know better than Washington bureaucrats where there are unmet needs, as well as opportunities to cut down on waste, fraud, and abuse.

Even with the limited flexibility of Medicaid's current waiver program, states have developed innovative reforms that produce cost savings and quality improvements. For example, the Healthy Indiana Plan (implemented prior to the ACA) provided the state's residents who did not qualify for Medicaid access to health benefits, such as physician services, prescription drugs, inpatient and outpatient hospital care, and disease management—all without additional funding. Other states could alter eligibility requirements, for example, or move able-bodied adults off the Medicaid rolls. The savings generated could then be redirected toward additional protections for the most vulnerable populations or to other state health care priorities.

All states should have the flexibility to adapt their Medicaid programs—to design their benefit packages in a way that best meets the needs of their state populations; to promote personal responsibility and healthy behaviors; and to encourage a more holistic approach to care that considers not only Medicaid beneficiaries' health conditions, but also their economic, social, and family concerns.

<sup>14</sup> American Health Care Act of 2017, H.R. 1628, 115th Cong. (2017).

<sup>15</sup> The Affordable Care Act consists of the two related measures enacted in March 2010 that constituted the health care legislation: the Patient Protection and Affordable Care Act and the Health Care and Education Reconciliation Act of 2010. Patient Protection and Affordable Care Act, Pub. L. No. 111–148, 124 Stat. 119, (2010). Health Care and Education Reconciliation Act of 2010, Pub. L. No. 111–152, 124 Stat 1029 (2010).

The per capita cap program design ensures protections for the most vulnerable by providing states with designated funding for those persons who are truly in need of care and support. Based on the four main eligibility categories as currently defined by the federal government in the Medicaid Program—the elderly, the blind and disabled, nondisabled adults, and children—a per-person payment amount would account for the average cost of care, per enrollee, in each of these four principal categories and would be indexed to a predetermined growth rate. The federal government would then provide Medicaid funds to the states based on the total number of enrollees in category. This accounts for the variation in spending among the four different categories, helping target funds to the most vulnerable. Further, federal law would provide the basic template for the program to provide accountability for the funds and help root out waste, fraud, and abuse.<sup>16</sup>

*Apply a Work Requirement to Medicaid.* The budget seeks to promote self-sufficiency through a work requirement for able-bodied adults without dependents enrolled in Medicaid. Such a proposal would aim to reinforce and strengthen the policy of the American Health Care Act.

Under the policy, where applicable, able-bodied, working-age adults would remain enrolled in Medicaid only if they were actively seeking employment, participating in an education or training program, or doing community service. The policy would support Americans who are trying to get back on their feet while preserving resources for those who need help most.

The Trump Administration has encouraged states to move forward with work requirements for Medicaid enrollees for their populations. On 11 January 2018, the Centers for Medicare and Medicaid Services (CMS) sent a letter to state Medicaid Directors providing new guidance related to allowing states to implement their own work requirements within Medicaid.<sup>17</sup> States can accomplish this by submitting a Section 1115 waiver to the CMS. Multiple states, such as Arkansas and Kentucky, have already begin this process.<sup>18</sup>

Work provides a source of income and self-sufficiency. It also has been demonstrated as a valuable source of self-worth and dignity for individuals. In fact, employment and self-esteem are so closely tied together that a Gallup-Healthways Well-Being Index found: “Unemployed adults and those not working as much as they would like are about twice as likely as Americans who are employed full time to be depressed.”<sup>19</sup> Applying a work requirement to Medicaid would assist more people in transitioning out of poverty while also enhancing their self-respect, their self-reliance, and their courage and determination—much like what occurred with the highly suc-

<sup>16</sup> Committee on Oversight and Government Reform, *Uncovering Waste, Fraud, and Abuse in the Medicaid Program*, staff report, April 25, 2012, <https://oversight.house.gov/wp-content/uploads/2012/04/Uncovering-Waste-Fraud-and-Abuse-in-the-Medicaid-Program-Final-3.pdf>.

<sup>17</sup> Brian Neale, Letter to State Medicaid Directors, Centers for Medicare and Medicaid Services, January 11, 2018, <https://www.medicaid.gov/federal-policy-guidance/downloads/smd18002.pdf>.

<sup>18</sup> Centers for Medicare and Medicaid, Medicaid.gov Section 1115 Demonstration State Waivers List Database (accessed May 21, 2018), <https://www.medicaid.gov/medicaid/section-1115-demo/demonstration-and-waiver-list/index.html>.

<sup>19</sup> Alyssa Brown and Kiley McGeeney, “In U.S., Employment Most Linked to Being Depression-Free,” Gallup, August 23, 2013, <http://www.gallup.com/poll/164090/employment-linked-depression-free.aspx>.

cessful Temporary Assistance for Needy Families Program as established in 1996.

Under this option, the policy would apply to Medicaid beneficiaries who are able-bodied, non-elderly adults without dependents. For children in foster care or living with relatives, the policy would treat non-parent custodians as parents in determining dependent status. The policy also would exclude pregnant women from the requirement—and provide a postpartum exemption period of at least 62 days (nine weeks) to cover mothers who suffer a miscarriage, whose infant dies during or shortly after birth, or who place their child with an adoptive or foster family.

Under such a policy, enrollees could be expected to work 30 hours per week, with 20 of the 30 hours attributable to “core work activities.” Core activities would be defined as: private- or public-sector employment; work experience; on-the-job training; job-search or job-readiness assistance program participation; community service; or vocational training and education. Non-core activities that might be counted as the remaining 10 hours would be defined as: job-skills training, job-related education, or satisfactory attendance at high school or in an equivalent course.

This policy would promote state flexibility by allowing states to define the criteria for qualifying community service, job-search and training programs, and unpaid work experience. It also would encourage states to perform case checks as they saw fit. States would have the authority to make determinations on hardship exemptions.

At the same time, because Medicaid is partly a federally funded program, the federal government has a responsibility to ensure taxpayer dollars are appropriately spent. Enrollees not meeting work requirements for more than 63 days would be ineligible for benefits, barring an exemption. The budget recommends a two-year roll-out period for states to acclimate to the new standards. To prevent fraud and abuse, states would conduct checks every six months, and the Government Accountability Office or the HHS Inspector General would conduct annual audits of state programs to ensure proper reporting.

These requirements would help target resources toward the most vulnerable populations, while at the same time making Medicaid available for those on the precipice of poverty who are transitioning into economic stability.

*Limit the Medicaid Provider Tax.* The budget proposes to address the problem of Medicaid provider taxes. Currently, 49 states finance a portion of their Medicaid spending through provider taxes<sup>20</sup>—a gimmick used to garner greater financial assistance from the federal government and boost state Medicaid budgets. States impose taxes on the very same health care providers who are paid by the Medicaid Program, increase payments to those providers by the same amount, and then use that additional spending to boost the amount of funding matched by the federal government. In short, provider taxes decrease transparency by distorting Med-

<sup>20</sup> Alaska is the only state that does not have at least one provider tax, but the state is evaluating the feasibility of such a tax. “States and Medicaid Provider Taxes or Fees,” Kaiser Family Foundation, June 27, 2017, <https://www.kff.org/medicaid/fact-sheet/states-and-medicaid-provider-taxes-or-fees/>.

icaid funding, and dramatically increase federal spending.<sup>21</sup> The maximum amount a state can tax a provider is 6 percent. The budget recommends lowering this number to 4 percent immediately, 3 percent within the 10-year budget window, and then begin completely phasing out the practice over a longer period.

*Stop Giving DC Special Treatment.* Medicaid's current funding structure is based in statute. The federal government and states share the cost of Medicaid, with the share of each derived from a formula known as the Federal Medical Assistance Percentage (FMAP).<sup>22</sup> The FMAP formula provides for a higher reimbursement rate to states with a lower per capita income and a lower reimbursement rate for states with a higher per capita income.<sup>23</sup> To achieve this, a state's per capita income is compared to the national per capita income. As such, the federal share of spending varies from state to state.<sup>24</sup> The FMAP is constrained by a statutory limit: the federal contribution must range between 50 percent and 83 percent. Actual FMAP rates range from a floor of 50 percent to a high of 76.39 percent for fiscal year 2019.<sup>25</sup> The federal government, on average, pays for 63 percent of the country's Medicaid costs, while states only support the inverse 37 percent of this spending.<sup>26</sup> Unlike all 50 states, which follow the income-based formula, Washington, DC, receives special Medicaid FMAP treatment. If Washington followed the formula, it would receive a 50 percent federal match, with the District covering the remaining 50 percent of Medicaid costs for its residents. Washington, DC, however, automatically gets a 70 percent FMAP. The budget proposes to remove this unfair advantage and stop DC from giving itself preferential treatment.

*Defend Life and Promote Access to Health Care.* This budget supports the long-standing policy to ban federal taxpayer dollars from funding elective abortions and calls for a 10-year cessation of federal funding for Planned Parenthood. Last year, President Trump signed into law H. J. Res. 43 under the authority of the Congressional Review Act.<sup>27</sup> This legislation overturned a December 2016 Obama Administration rule that forced states to provide Title X family planning grants to abortion providers. The federal government should not force states to provide funding to clinics such as Planned Parenthood that perform elective abortions. Similarly, the government should not force taxpayers to fund those clinics. The

<sup>21</sup> Government Accountability Office, Medicaid Financing: States' Increased Reliance on Funds from Health Care Providers and Local Governments Warrants Improved CMS Data Collection, report no. GAO-14-627, July 29, 2014, <https://www.gao.gov/assets/670/665077.pdf>, 4: In fiscal year 2012, for example, 41 of the 47 States with provider taxes reported revenue of \$18.8 billion. Also see Brian C. Blase, *Medicaid Provider Taxes: The Gimmick That Exposes Flaws with Medicaid's Financing* (Arlington, VA: Mercatus Center at George Mason University, February 16, 2016), <https://www.mercatus.org/system/files/Blase-Medicaid-Provider-Taxes-v2.pdf>.

<sup>22</sup> Section 1905(b) of the Social Security Act establishes this cost-sharing scheme.

<sup>23</sup> The statutory formula is as follows:  $FMAP_{State} = 1 - ((Per\ Capita\ Income_{State})^2 / (Per\ Capita\ Income_{U.S.})^2 * 0.45)$ .

<sup>24</sup> The FMAP discussed in this section refers to the traditional, or base, FMAP. For many populations, the FMAP rate is higher (for example, due to the ACA expansion or enhanced FMAP additions for select groups such as CHIP enrollees or prisoners).

<sup>25</sup> Alison Mitchell, *Medicaid's Federal Medical Assistance Percentage (FMAP)*, Congressional Research Service, Report No. R43847, April 25, 2018.

<sup>26</sup> Mitchell, *Medicaid's Federal Medical Assistance Percentage (FMAP)*.

<sup>27</sup> Providing for congressional disapproval under chapter 8 of title 5, United States Code, of the final rule submitted by Secretary of Health and Human Services relating to compliance with title X requirements by project recipients in selecting subrecipients, Pub. L. No. 115-23, 131 Stat. 23 (2017).

budget continues this protection by proposing to eliminate all federal funding from Planned Parenthood and similar organizations.

The resolution promotes reinvesting the Planned Parenthood funding in community health centers (CHCs) to promote greater access to care for women, men, children, and the unborn. CHCs are nonprofit, community-based clinics that provide comprehensive care. There are 9,000 community health centers, which—unlike Planned Parenthood clinics—are required to be situated in underserved areas with high levels of poverty and infant mortality.<sup>28</sup>

This budget supports enhanced access to women's health care, while protecting taxpayers from funding abortion. For example, although Planned Parenthood advocates regularly claim that women receive mammograms at its facilities, none of the organization's 650 facilities actually offers mammograms. In contrast, CHCs are major providers of mammograms and other preventive services, particularly to women of color, Medicaid recipients, and the uninsured.

In 2015, CHCs provided health services to more than 20 million Americans, nearly 60 percent of whom were female. In contrast, Planned Parenthood served fewer than 3 million Americans the same year.<sup>29</sup> This budget makes efforts to ensure that taxpayer dollars do not go to the nation's largest provider of abortions, but rather support the health centers that truly provide care to millions of women.

*Eliminate Waste, Fraud, and Abuse in Medicaid.* The budget also advances several reforms to help root out waste, fraud, and abuse in the Medicaid Program. The budget recognizes several options that can be implemented in the short term to strengthen and preserve the Medicaid Program. The first is to reform the 1115 waiver process. One potential improvement would be requiring that waivers be budget-neutral in actual costs to ensure that any new spending does not duplicate other federal programs. Another would be allowing states to adopt previously approved waivers without having to go through the approval process again. Additionally, the budget encourages efforts recently initiated by CMS to streamline the waiver application process and assist states in creating programs that will be successful.

Furthermore, the budget supports implementation of recommendations from the Government Accountability Office to improve how the program functions and reduce fraud. GAO has designated Medicaid as high-risk since 2003, largely due to "concerns about the adequacy of fiscal oversight."<sup>30</sup> According to GAO, state management of programs complicates oversight of payments and patient access to care, as the federal government must rely on state-provided data. Medicaid experiences dramatic swings in enrollment and funding requirements based on economic upturns and downturns. These periods of higher enrollment lead to higher costs and less state revenue stability, which in turn contribute to greater

<sup>28</sup> Elayne J. Heisler and Victoria L. Elliot, Factors Relating to the Use of Planned Parenthood Affiliated Health Centers (PPAHCs) and Federally Qualified Health Centers (FQHCs), Congressional Research Service, Report No. R44295, May 18, 2017.

<sup>29</sup> Heisler and Elliot.

<sup>30</sup> Government Accountability Office, *High-Risk Series: Progress on Many High-Risk Areas, While Substantial Efforts Needed on Others*, report no. GAO-17-317, February 15, 2017, <http://www.gao.gov/assets/690/682765.pdf>, 560.

risk for improper payments and poor access to services. Adding to this, CMS receives insufficient data on Medicaid programs from states. GAO describes the lack of accurate, timely data as an “over-arching challenge” for oversight of the Medicaid program.<sup>31</sup> Often, available data is three years behind.

In its report on high risk programs, GAO provides five areas of Medicaid in need of improved oversight: financing and provider payment transparency and oversight, managed care payments and utilization oversight, growing expenditures for and oversight of large Medicaid demonstrations, monitoring and measurement of access to quality care, and growing expenditures for long-term care services.

This budget supports GAO’s recommendations for reducing risk in the Medicaid sphere. Among them, GAO and this budget encourage a systematic review of federal determinations of Medicaid eligibility. GAO and this budget also support improving the process for reviewing and approving Medicaid demonstrations, and making transparent the basis for spending limits approved by HHS for the demonstrations. Finally, based on testimony by Comptroller General Gene L. Dodaro, this budget proposes requiring greater reporting by states on Medicaid payments for uncompensated care, along with greater coordination between CMS and state auditors.<sup>32</sup>

*Reform the Federal Employee Health Benefit Program.* Currently, federal contributions to the Federal Employees Health Benefits Program grow by the average weighted rate of change in these programs. This budget supports restricting the growth in these plans to inflation for retirees.<sup>33</sup> The budget also proposes basing federal employee retirees’ health benefits on length of service. This option would reduce premium subsidies for retirees who had relatively short federal careers. Together, these two reforms would bring health benefits for federal retirees more in line with those offered in the private sector.

<sup>31</sup> GAO, 563.

<sup>32</sup> *Failures of Fiscal Management: A View from the Comptroller General, Before the House Comm. on the Budget*, 115th Cong. (May 3, 2017) (statement of the Honorable Gene L. Dodaro, Comptroller General of the United States), <https://budget.house.gov/hearing/failures-fiscal-management-view-comptroller-general/>.

<sup>33</sup> The budget also restricts growth of the Federal Employees Health Benefits Program for current Members of Congress and their staffs. The cost savings from this proposal are reflected in the discretionary spending section of Function 550.



## FUNCTION 570: MEDICARE

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### Function Summary

Function 570 singularly consists of the Medicare health insurance program. Medicare provides comprehensive health care coverage for nearly 60 million people who are age 65 or older, who have a disability that prevents them from working, or who have end-stage renal disease. Medicare's budget is almost entirely mandatory spending, which consists of payments to health care service providers and private insurers. Medicare's discretionary budget funds the administration of the Medicare program through the Centers for Medicare and Medicaid Services (CMS) and other agencies.

With the creation of Medicare in 1965, the United States made a commitment to help fund the medical care of elderly Americans. In urging the creation of Medicare, President Kennedy said that such a program was chiefly needed to protect not the poor, but people who had worked for years and suddenly found all their savings gone because of a costly health problem.

Medicare spending has grown quickly in recent decades and has reached unsustainable rates—in part because of rising enrollment and in part because of rising health care costs per enrollee. Between 1970 and 2017, gross federal spending for Medicare rose from 0.7 percent of GDP to 3.7 percent. The Medicare Board of Trustees' 2018 Annual Report projected mandatory spending on Medicare will reach 5.9 percent of GDP by 2042 and 6.2 percent of GDP by 2092.<sup>1</sup> Both the Congressional Budget Office (CBO) and the Medicare Board of Trustees expect that Medicare's Hospital Insurance (HI) Trust Fund will be insolvent by 2026.<sup>2</sup>

Medicare's imbalance threatens beneficiaries' access to quality, affordable care. The program's fundamentally flawed structure is driving up health-care costs, which are, in turn, threatening to bankrupt the system—and ultimately the nation. Without reform, the program will cause exactly what it was created to avoid: millions of America's seniors without adequate health security and a younger working generation saddled with enormous debts to pay for unsustainable spending.

It is unacceptable to allow the government to break its promises to current seniors and future generations. The reforms outlined in

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<sup>1</sup> Board of Trustees of the Federal Hospital Insurance and Federal Supplementary Medical Insurance Trust Funds (hereafter "Medicare Board of Trustees"), *2018 Annual Report*, June 5, 2018, <https://www.cms.gov/Research-Statistics-Data-and-Systems/Statistics-Trends-and-Reports/ReportsTrustFunds/Downloads/TR2018.pdf>, 6.

<sup>2</sup> *The Budget and Economic Outlook: 2018 to 2028*, Congressional Budget Office, April 9, 2018, <https://www.cbo.gov/publication/53651>, 137. Medicare Board of Trustees, 7.

this budget protect and preserve Medicare for those in or near retirement, while saving and strengthening the program so future generations can count on it when they retire.

Medicare program spending appears in Function 570 of the budget resolution. The function reflects the Medicare Part A Hospital Insurance Program, Part B Supplementary Medical Insurance Program, Part C Medicare Advantage Program, and Part D Prescription Drug Benefit, as well as premiums paid by qualified aged and disabled beneficiaries. The various parts of the program are financed in different ways. Part A benefits are financed primarily by a payroll tax, the revenues from which are credited to the HI Trust Fund. For Part B, premiums paid by beneficiaries cover about one-quarter of outlays, and the Treasury General Fund covers the rest. Payments to private insurance plans under Part C are financed by a blend of funds from Parts A and B. Enrollees' premiums under Part D are set to cover about 13 percent of the cost of the basic prescription-drug benefit, though many low-income enrollees receive larger subsidies; general funds cover most of the remaining cost.

### **Summary of Committee-Reported Resolution**

In fiscal year 2019, the budget calls for \$648.0 billion in budget authority and \$647.7 billion in outlays. Of that total, discretionary spending totals \$7.6 billion in budget authority and \$7.6 billion in outlays, and mandatory spending is \$640.4 billion in budget authority and \$640.1 billion in outlays. The 10-year totals for budget authority and outlays are \$8.6 trillion and \$8.6 trillion, respectively.

### **Illustrative Policy Options**

The House authorizing committees in this function are the Committee on Ways and Means and the Committee on Energy and Commerce. Discretionary funding is provided by the Committee on Appropriations Subcommittee on Labor, Health and Human Services, Education, and Related Agencies. Below are options committees of jurisdiction may wish to consider when making final policy and funding decisions.

#### **MANDATORY SPENDING**

*Enhance Quality and Choice in Medicare.* Throughout Medicare's history, Washington has been slow to innovate and respond to transformations in health care delivery. Meanwhile, controlling costs in Medicare's open-ended fee-for-service system has proven impossible without limiting access or sacrificing quality. This is because existing policies have artificially controlled prices or payments, not costs; in the absence of real structural reform, costs will continue to be driven higher. Today, as costs continue to grow, seniors continue to lose access to quality care and the program remains on the path to bankruptcy. Inaction will not protect Medicare; it will only hasten the program's demise.

Reform aimed at empowering patients—combined with a strengthened safety net for the poor and the sick—will not only ensure the fiscal sustainability of this program, the federal budget,

and the nation's economy, but will also guarantee that Medicare can fulfill the promise of health security for America's seniors. Hence, this budget supports a patient-centered policy option that enhances quality and choice in Medicare.

Under this option, traditional Medicare—which would always be a choice available to beneficiaries—and private plans providing the same level of health coverage would compete for seniors' business, just as Medicare Advantage does today. By adopting this competitive structure, the program would also deliver savings for seniors in the form of lower monthly premium costs.

This improved program assumes a simplified benefit structure that provides comprehensive coverage for all beneficiaries, rather than the complex and fragmented structure in place today. Currently, beneficiaries must enroll in three separate programs to get the same comprehensive coverage: Part A for hospitalization, Part B for physician services, and Part D for prescription medications. No option, however, offers financial protections for seniors, such as annual or lifetime limits, and many must sign up for an additional supplemental insurance policy called MediGap to obtain a fully comprehensive coverage package.

Today, only Medicare Advantage offers seniors the opportunity to choose from a selection of comprehensive coverage plans. Unsurprisingly, Medicare Advantage enrollment has tripled in the past decade and currently serves almost 18 million seniors.<sup>3</sup> Medicare Advantage also has higher senior satisfaction rates compared to traditional Medicare. Beneficiaries are especially satisfied with the overall cost of Medicare Advantage plans and the simplified process.<sup>4</sup>

The Medicare improvements envisioned in this budget would adopt the popular, simplified coverage structure of Medicare Advantage and allow seniors greater plan choices while reducing costs. It would resemble the private insurance market, in which the majority of Americans select a single health care plan to cover all their medical needs.

The enhanced program would continue to offer a robust financial benefit to all beneficiaries. In many ways, the provided benefit would mirror the Federal Employees Health Benefits (FEHB) Program for federal employees, retirees, and their families. FEHB boasts the widest selection of health plans in the country, from which its 8 million members may choose. Plans offered under the FEHB Program may charge different premium amounts, competing for individuals' choices, and the government pays a certain percentage—or a defined contribution—to help offset the cost of coverage. Similarly, a Medicare recipient would choose from an array of guaranteed-coverage options, including traditional Medicare, for a health plan that best suits his or her needs.

The federal government's contribution would go directly to the plan provider, following the current model for both the FEHB Program and Medicare Advantage. This plan adjusts the federal payment so the sick would receive more financial assistance if their

<sup>3</sup>“Medicare Advantage,” The Kaiser Family Foundation, October 11, 2017, <http://kff.org/medicare/fact-sheet/medicare-advantage/>.

<sup>4</sup>Meghan McCarthy, “Seniors Love Their Medicare (Advantage),” *Morning Consult*, March 30, 2015, <http://morningconsult.com/2015/03/seniors-love-their-medicare-advantage/>.

conditions worsened, and lower-income seniors would receive additional support to help cover premiums and out-of-pocket costs. Wealthier seniors would assume responsibility for a greater share of their premiums.

Additionally, this enhanced Medicare program would ensure affordability by letting market competition work as a real check on widespread waste and skyrocketing health care costs; this tactic was successfully demonstrated through the competitive structure adopted by Medicare Part D. More than 70 percent of Medicare beneficiaries are currently enrolled in the prescription drug benefit, which rates highly in satisfaction among seniors.<sup>5</sup> In 2016, nearly 90 percent reported satisfaction with their coverage, and 80 percent considered the coverage to be a good value.<sup>6</sup> Similarly, this option's personalized arrangement puts patients in charge of how their health care dollars are spent, requiring providers to compete against one another on price and quality.

This budget's improvements to Medicare are derived from a long history of bipartisan reform plans based on the defined contribution model, known as premium support, with a competitive bidding structure to lower costs. The 1999 Breaux-Thomas Commission, the 2010 Domenici-Rivlin Report, and the 2011 Wyden-Ryan plan all put forward this model as a way to ensure security and affordability for seniors now and into the future.<sup>7 8 9</sup> All three recognized two fundamental truths: the current path of Medicare is unsustainable, and it is unacceptable for Washington to allow the program to fail current or future beneficiaries. Each proposal further developed the policy with the intent of preserving Medicare over the long term without reducing health care access or quality.

Increasing choice in Medicare continues to garner bipartisan support today. Even then-President Obama's fiscal year 2017 budget proposal included a similar reform. However, his proposal failed to offer the benefits of more choice and lower costs achieved by applying the competitive bidding structure to all beneficiaries.

This resolution envisions giving seniors the freedom to choose plans best suited for them, guaranteeing health security throughout their retirement years. Further, it resolves the concerns regarding Medicare's long-term sustainability, while lowering costs for beneficiaries. With the adoption of patient-centered improvements, this program would preserve the positive aspects of traditional Medicare, while modernizing the program to reflect the changes to health care delivery in the twenty-first century.

*Implement a Unified Deductible and Reform Supplemental Insurance.* This resolution supports strengthening the Medicare Program through the adoption of another bipartisan proposal: unifying the

<sup>5</sup> "The Medicare Part D Prescription Drug Benefit," The Kaiser Family Foundation online, last modified on October 2, 2017, <http://kff.org/medicare/fact-sheet/the-medicare-prescription-drug-benefit-fact-sheet/#endnote-link-165022-4>.

<sup>6</sup> "National Tracking Poll," *Morning Consult*, accessed May 8, 2018, <http://medicaretoday.org/wp-content/uploads/2016/07/2016-Senior-Satisfaction-Survey-Fact-Sheet.pdf>.

<sup>7</sup> "Building a Better Medicare for Today and Tomorrow," National Bipartisan Commission on the Future of Medicare, March 16, 1999.

<sup>8</sup> Pete Domenici and Alice Rivlin, *Restoring America's Future*, (Washington, DC: Bipartisan Policy Center, November 2010), <http://bipartisanpolicy.org/wp-content/uploads/sites/default/files/BPC%20FINAL%20REPORT%20FOR%20PRINTER%2002%2028%2011.pdf>.

<sup>9</sup> Ron Wyden and Paul Ryan, "Guaranteed Choices to Strengthen Medicare and Health Security for All: Bipartisan Options for the Future," December 15, 2011, <http://budget.house.gov/uploadedfiles/wydenryan.pdf>.

separate parts of the program by streamlining the outdated and fragmented fee-for-service arrangement into a single benefit.<sup>10 11</sup> This single benefit would provide coverage for both hospital and physician services. Additionally, the reform would provide common-sense financial protections for America's seniors and reform supplemental insurance policies. This proposal would allow the Medicare benefit to operate more like private health insurance coverage.

With this reform, Medicare would have a single, annual deductible for medical costs and include a catastrophic cap on annual out-of-pocket expenses—an important aspect of the private health insurance market to safeguard the sickest and poorest beneficiaries that is currently absent from Medicare.

*Equalize the Retirement Age with Social Security.* One of the nation's greatest achievements of the 20th Century was the dramatic increase in the average life expectancy. As Americans' health improves and lifespans are extended, many enjoy the benefits of employment later in life. To further ensure Medicare's long-term sustainability, this resolution recommends a gradual increase of the Medicare retirement age to correspond with that of Social Security.

*Streamline Support for Graduate Medical Education.* All Americans benefit from a strong physician workforce. Since the creation of the federal health care programs, federal funds have supported physician training. The congressional report from the Social Security Amendments of 1965 comments on the need for federal funds to support hospitals in the education and training of physicians, nurses, and other medical personnel, "until the community undertakes to bear such education costs in some other way . . ." <sup>12</sup> Instead, the level of federal support has grown over time, and the complexity of the payment formulas linked to a hospital's Medicare inpatient volume has made accountability and oversight next to impossible. The financing structure also props up an antiquated system that fails to recognize the rapidly changing care delivery model and demographic shifts within the population—meaning the number of physicians is insufficient and cannot meet the nation's needs either in terms of specialty or geography. Distributing funds directly to hospitals favors traditional acute care institutions and discourages physician training in various clinical or lower cost settings of care, including children's hospitals, safety net hospitals, ambulatory surgical centers, and so on.<sup>13</sup> There is a clear need for reform to enhance accountability, transparency, and flexibility in

<sup>10</sup> "Building a Better Medicare for Today and Tomorrow," National Bipartisan Commission on the Future of Medicare, March 16, 1999.

<sup>11</sup> "The Moment of Truth," The National Commission on Fiscal Responsibility and Reform, December 2010, [http://momentoftruthproject.org/sites/default/files/TheMomentofTruth12\\_1\\_2010.pdf](http://momentoftruthproject.org/sites/default/files/TheMomentofTruth12_1_2010.pdf).

<sup>12</sup> House Comm. on Ways and Means, Social Security Amendments of 1965, H.R. Rep. No. 89-213 (1965).

<sup>13</sup> Jill Eden, Donald Berwick, and Gail Wilensky, eds., *Graduate Medical Education that Meets the Nation's Health Needs*, Institute of Medicine of the National Academies, (Washington, DC: The National Academies Press, 2014).

graduate medical education.<sup>14 15 16</sup> This budget recommends that support for medical education should accurately reflect the costs of training future physicians and be streamlined into a single payment, providing greater freedom and flexibility to encourage teaching institutions and states to develop innovative approaches to medical education.

*Reform Medical Liability Insurance.* This resolution also advances the commonsense curbs on abusive and frivolous lawsuits contained in the Protecting Access to Care Act of 2017, as passed by the House.<sup>17</sup> Medical lawsuits and excessive verdicts increase health care costs, result in reduced access to care, and contribute to the practice of defensive medicine. When mistakes happen, patients have a right to fair representation and fair compensation. The current tort litigation system, however, too often serves the interests of lawyers while driving up costs due to expenses associated with the practice of defensive medicine. The costs of defensive medicine are often overlooked, but they add a considerable burden to overall health care spending. According to a study published in 2010—the most comprehensive available—more than 30 percent of health care costs, or approximately \$650 billion annually, were attributable to defensive medicine.<sup>18</sup> Even if the costs are only a fraction of this projection, such expenses are unnecessary and unsustainable for the Medicare Program and America’s seniors.

*Assess True Out-of-Pocket Costs Accurately.* Following the Trump Administration’s proposal, the budget supports an accurate calculation of Medicare Part D beneficiaries’ true out-of-pocket (TrOOP) costs. TrOOP costs are the expenses that count toward a beneficiary’s out-of-pocket payment threshold, which determines when catastrophic coverage begins. Under the existing structure imposed by the Obama Administration, discounts of brand-name drugs that pharmaceutical manufacturers provide to plans count towards the calculation of the beneficiary’s true out-of-pocket expenses.

The budget supports the Trump Administration’s proposal to exclude manufacturer rebates under the drug discount program from TrOOP calculations, since beneficiaries never pay those costs. If the Administration were able to do this, TrOOP calculations would be realigned with beneficiaries’ real out-of-pocket costs. This change would help equate the treatment of brand name and generic drugs, bringing more drug competition to the Part D program, and eventually lowering overall drug costs.

*Improve Program Integrity.* The Government Accountability Office has designated Medicare as a “high-risk” program since 1990 due to its size, complexity, and susceptibility to mismanagement

<sup>14</sup> Barbara Wynn, Robert Smalley, and Kristina Cordasco, “Does it Cost More to Train Residents or to Replace Them?,” RAND Corporation and Medicare Payment Advisory Commission, September 2013, [https://www.rand.org/pubs/research\\_reports/RR324.html](https://www.rand.org/pubs/research_reports/RR324.html).

<sup>15</sup> John O’Shea, “Reforming Graduate Medical Education in the U.S.,” The Heritage Foundation, December 29, 2014, <http://www.heritage.org/research/reports/2014/12/reforming-graduate-medical-education-in-the-us>.

<sup>16</sup> “Improving Health and Health Care: An Agenda for Reform,” American Enterprise Institute, December 2015, <https://www.aei.org/wp-content/uploads/2015/12/Improving-Health-and-Health-Care-online.pdf>.

<sup>17</sup> Protecting Access to Care Act of 2017, H.R. 1215, 115th Cong. (2017). The savings associated with this policy option are carried in Function 930, as they are cross-functional.

<sup>18</sup> “Physician Study: Quantifying the Cost of Defensive Medicine,” Jackson Healthcare, 2010, <https://jacksonhealthcare.com/media-room/surveys/defensive-medicine-study-2010/>.

and improper payments.<sup>19</sup> In 2017, Medicare was projected to spend \$702 billion and provide health care coverage to approximately 58 million beneficiaries.<sup>20</sup> Over one billion claims are paid by Medicare every year to more than one million health care providers, contractors, and suppliers—including private health plans, physicians, hospitals, skilled nursing facilities, durable medical equipment suppliers, and ambulance providers.<sup>21</sup> Even small changes in program integrity can have large effects on overall Medicare spending. It is critical that Medicare be closely monitored to ensure that accurate payments are made for services.

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<sup>19</sup>Government Accountability Office, *High-Risk Series: Progress on Many High-Risk Areas, While Substantial Efforts Needed on Others*, report no. GAO-17-317, February 15, 2017, <http://www.gao.gov/products/GAO-17-317>.

<sup>20</sup>*The 2017 Long-Term Budget Outlook*, Congressional Budget Office, March 30, 2017, <https://www.cbo.gov/publication/52480>.

<sup>21</sup>GAO, GAO-17-317.





## **FUNCTION 600: INCOME SECURITY**

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### **Function Summary**

Most of the federal government's income-support programs are reflected in the mandatory spending components of Function 600 Income Security. These include federal employee retirement and disability benefits, including military retirees; general retirement and disability insurance, mainly through the Pension Benefit Guaranty Corporation and benefits to railroad retirees but excluding Social Security; unemployment compensation; food and nutrition assistance, including food stamps and school lunch subsidies; and other income-security programs.

Other income-security programs include: Temporary Assistance for Needy Families (TANF), the government's principal cash welfare program; Supplemental Security Income (SSI); and spending for the refundable portion of the Earned Income Tax Credit (EITC). Agencies administering these and other programs in Function 600 include the U.S. Department of Agriculture (USDA), the U.S. Department of Health and Human Services (HHS), the U.S. Department of Housing and Urban Development (HUD), the Social Security Administration (SSA), and the Office of Personnel Management.

### **Summary of Committee-Reported Resolution**

In fiscal year 2019, the budget calls for \$489.3 billion in budget authority and \$479.2 billion in outlays. Of that total, discretionary spending totals \$75.6 billion in budget authority and \$73.6 billion in outlays, and mandatory spending is \$413.7 billion in budget authority and \$405.6 billion in outlays. The 10-year totals for budget authority and outlays are \$5.1 trillion and \$5.0 trillion, respectively.

### **Illustrative Policy Options**

The main House authorizing committees responsible for funding programs under Function 600 are the Committee on Ways and Means, the Committee on Agriculture, the Committee on Oversight and Government Reform, and the Committee on Education and the Workforce. Discretionary funding is provided by the House Committee on Appropriations across multiple subcommittees. Below are options committees of jurisdiction may wish to consider when making final policy and funding decisions.

## DISCRETIONARY SPENDING

*Reform Supplemental Nutrition Assistance Program Outreach Funding.* This budget assumes that outreach funding for the Supplemental Nutrition Assistance Program (SNAP), formerly known as the food stamp program, is reduced, and funds are shifted toward programs that facilitate upward mobility, such as properly reformed job-training programs.

*Enforce Eligibility Requirements For WIC Program.* The Women, Infants, and Children (WIC) Program is intended to serve individuals with incomes below 185 percent of the Federal Poverty Level (FPL). Adjunctive eligibility allows individuals to demonstrate eligibility for the program if they are enrolled in Medicaid. Since Medicaid serves families with incomes above 185 percent of FPL, adjunctive eligibility not only simplifies program administration, but also expands eligibility. The budget would limit WIC eligibility to individuals with incomes below 185 percent of FPL.

## MANDATORY SPENDING

*Strengthen Welfare Work Requirements.* Welfare reforms in the 1990s led to substantial declines in poverty, increases in work, and decreases in government dependency. The TANF program was a central feature of these reforms. This budget calls for reforms to strengthen TANF work requirements so states will engage more recipients in activities leading to self-sufficiency. This should include ending states' abilities to reduce work targets by spending more than required, as well as enforcing penalties against states that fail to meet work targets. This budget also calls for TANF reforms to provide states with more options to help people prepare to leave welfare for work and to hold states accountable for successfully getting people off welfare and into jobs.

*Reform Supplemental Security Income.* Welfare programs typically pay benefits on a sliding scale. Supplemental Security Income (SSI) is different, paying an average of \$690 for each and every child in a household who receives benefits. This reform would create a sliding scale for children on SSI. Advocates for individuals with disabilities have expressed support in the past for such a step. In 1995, Jonathan M. Stein—the lead advocate attorney in the landmark 1990 Supreme Court Case expanding SSI eligibility for children and witness at a October 27, 2011 Ways and Means Subcommittee hearing on SSI—said the following about this proposal: “[W]e have a long list of reforms that we do not have time to get into, but we would say for very large families there should be some sort of family cap or graduated sliding scale of benefits.”<sup>1</sup> Additionally, Congress should review mental health categories in the children's SSI program, which have been the fastest growing categories of eligibility. This budget proposes adopting a Government Accountability Office (GAO) recommendation that Continuing Disability Reviews be conducted every three years for children on the program who are deemed likely to improve upon initially receiving

<sup>1</sup> *Contract with America: Welfare Reform, Part 2, Before the House Comm. on Ways and Means, 104th Cong. 44 (1995).*

benefits. Additionally, benefits should be linked to school attendance, except where SSA finds medical cause.

*Better Target Child Nutrition Resources.* The Healthy, Hunger-Free Kids Act of 2010, which reauthorized child nutrition programs, allows schools with 40 percent qualifying students to provide meals free of charge to all students regardless of income.<sup>2</sup> While this provision, known as the Community Eligibility Provision, simplifies program administration, a higher threshold would better target program resources to lower-income households.

*Reform the Supplemental Nutrition Assistance Program.* Pairing reformed work requirements with consistent enforcement will lead to more sustainable, self-sufficient outcomes for SNAP recipients. H.R. 2, the Agriculture and Nutrition Act of 2018, offers a model for ensuring that the SNAP program helps individuals transition to independence.<sup>3</sup> Like H.R. 2, the budget also reforms Broad-Based Categorical Eligibility to end the practice of making individuals eligible for SNAP simply by receiving a TANF-funded brochure or being referred to a social service telephone number. SNAP program integrity can be improved by limiting SNAP account balances to reasonable levels and eliminating state abuse of the Low Income Home Energy Assistance Program for non-elderly, non-disabled households. The detection and prevention of duplicative benefit disbursements across state lines is also necessary to uphold the integrity of the program and hold states accountable for timely processing of eligibility determinations and case closures. Finally, the budget encourages the committee of jurisdiction to focus on reforms that will restore overall SNAP funding to sustainable levels while still providing states the flexibility to tailor the program to best meet the needs of their SNAP-eligible populations.

*Expand State Flexibility for the Foster Care Program.* The Family First Prevention Services Act provided state flexibility in designing programs and interventions meant to better prevent child abuse and neglect. This law will result in fewer children being removed from their homes, allowing more funds to be directed toward prevention efforts, as well as reducing the cost of the nation's foster care system. The budget proposes to continue implementation of the Family First Prevention Services Act, and expand state flexibility for the foster care program.

*Modernize Child Support Enforcement.* Enacted in 1975, the Child Support Enforcement (CSE) program was created to secure child support payments from non-custodial parents for families who relied on both the federal and state governments for welfare benefits. The CSE program was designed to reimburse the government for those welfare benefits, as well as assist families in attaining self-sufficiency. The budget would better align financial incentives for states by modifying the federal matching rate and the criteria for states receiving incentive payments to ensure they are truly rewarding innovation and effectiveness.

*Reform Civil Service Pensions.* This budget adopts a policy proposed by former President Obama's National Commission on Fiscal Responsibility. The policy calls for federal employees, including

<sup>2</sup> Health, Hunger-Free Kids Act of 2010, Pub. L. No. 111-296, 124 Stat. 3183 (2010).

<sup>3</sup> Agriculture and Nutrition Act of 2018, H.R. 2, 115th Cong. (2018).

members of Congress and staff, to make greater contributions toward their own defined benefit retirement plans. It would also end the “special retirement supplement,” which pays federal employees the equivalent of their Social Security benefit at an earlier age. It recognizes the need for new federal employees to transition to a defined contribution retirement system, due to the cost of the program. Additionally, it creates parity with private sector retirement plans, which are often defined contribution plans. These plans put the ownership, flexibility, and portfolio risk on the employee as opposed to the employer. Similarly, federal employees would have more control over their own retirement security under this option.

## FUNCTION 650: SOCIAL SECURITY

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### Function Summary

Function 650 consists of the Social Security program, including Old Age and Survivors Insurance (OASI) benefits and Disability Insurance (DI) benefits. Social Security is the largest program in terms of dollars in the federal government's budget and is almost entirely mandatory spending.

OASI provides retirement benefits to more than 51 million older Americans or their surviving spouses and children. Benefits are funded primarily through payroll taxes paid during a worker's lifetime, and the size of the benefit is based on the beneficiary's earning history. The Congressional Budget Office (CBO) projects the OASI Trust Fund will be insolvent in 2031, at which time the Fund will only be able to cover 70 percent of its scheduled benefits.<sup>1</sup>

DI provides essential income support for more than 10 million persons with disabilities and their families who have not yet reached retirement age. Similar to OASI, DI is funded primarily through payroll tax revenues. CBO projects the DI Trust Fund will be insolvent in 2025, at which time the Fund will only be able to cover 88 percent of its scheduled benefits.<sup>2</sup>

Both trust funds are moving quickly toward insolvency as a result of our aging population. This budget calls on action to solve this pressing problem by requiring the President, in conjunction with the Social Security Board of Trustees, to put forward specific proposals to reform Social Security to ensure long-term program sustainability. The budget also calls for Congress to offer legislation to ensure the sustainability and solvency of this critical program. For further details, see Sec. 508. Policy Statement on Social Security.

### Summary of Committee-Reported Resolution

Social Security contains both on-budget and off-budget spending—the latter consisting of benefit payments for the OASI and DI programs. On-budget spending fiscal year 2019 is \$36.0 billion in budget authority and \$36.0 billion in outlays. Over 10 years, the on-budget totals are \$535.5 billion in budget authority and \$535.5 billion in outlays.

For off-budget spending, the budget calls for \$1.0 trillion in budget authority and \$1.0 trillion in outlays for fiscal year 2019. Over

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<sup>1</sup> CBO's 2017 Long-Term Projections for Social Security: Additional Information, Congressional Budget Office, October 27, 2017, <https://www.cbo.gov/publication/53245>.

<sup>2</sup> The 2018 Long-Term Budget Outlook, 51.

10 years, the off-budget totals are \$13.5 trillion in budget authority and \$13.4 trillion in outlays.

### **Illustrative Policy Options**

The House authorizing committee of jurisdiction for Function 650 is the Committee on Ways and Means. Discretionary funding is provided by the Committee on Appropriations Subcommittee on Labor, Health and Human Services, Education, and Related Agencies.

Below is an option that committees of jurisdiction may wish to consider when making final policy and funding decisions.

*Eliminate the Ability to Receive Both Unemployment Insurance and Disability Insurance.* This option would eliminate concurrent receipt of unemployment and disability insurance, a clear example of duplication in the federal budget. The proposal would give the Social Security Administration the authority to identify fraud and prevent individuals from obtaining benefits from both programs. It is consistent with a similar policy proposal President Trump and former President Obama made in their budget requests. This budget takes the first step in preventing across-the-board benefit reductions to the Social Security program. This policy option could save up to \$4.0 billion over the next 10 years.

## **FUNCTION 700: VETERANS BENEFITS AND SERVICES**

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### **Function Summary**

Function 700 includes discretionary and mandatory spending for veterans' benefits and services. Discretionary accounts fund medical care, medical research, construction programs, information technology, and general operating expenses, among other activities. Mandatory spending funds disability compensation, pensions, vocational rehabilitation and employment, education, life insurance, housing, and burial benefits, among other benefits and services.

### **Summary of Committee-Reported Resolution**

In fiscal year 2019, the budget calls for \$196.4 billion in budget authority and \$194.2 billion in outlays. Of that total, discretionary spending totals \$86.8 billion in budget authority and \$83.2 billion in outlays, and mandatory spending is \$109.5 billion in budget authority and \$111.0 billion in outlays. The 10-year totals for budget authority and outlays are \$2.3 trillion and \$2.2 trillion, respectively.

The budget also accommodates up to \$75.6 billion for fiscal year 2020 in advance appropriations for medical care and income security, consistent with the Veterans Health Care Budget and Reform Transparency Act of 2009 and the Consolidated and Further Continuing Appropriations Act of 2015.<sup>1</sup>

### **Illustrative Policy Options**

The primary House committees of jurisdiction for this function include the Committee on Veterans' Affairs and the Committee on Appropriations Subcommittee on Military Construction, Veterans Affairs, and Related Agencies. The Budget Committee's authority applies solely to the budgetary parameters for each committee of jurisdiction. Some illustrative options the committees might consider include the following.

#### **DISCRETIONARY SPENDING**

Veterans are a top priority in this budget. The budget calls for \$86.8 billion in discretionary funding for veterans' benefits and services in fiscal year 2019. This level is consistent with the Con-

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<sup>1</sup> Veterans Health Care Budget and Reform Transparency Act, Pub. L. No. 111–81, 123 Stat. 2137 (2009). Consolidated and Further Continuing Appropriations Act, 2015, Pub. L. No. 113–235, 128 Stat. 2130 (2014).

gressional Budget Office's (CBO) most recent baseline and represents a 5.8 percent increase from fiscal year 2018 enacted levels. The budget provides the necessary resources to the Department of Veterans Affairs (VA); however, the VA needs to manage appropriated resources better to provide timely and high-quality benefits and services to veterans. This is particularly the case for VA health care services. In 2015, VA health care was placed on the Government Accountability Office (GAO) "High Risk List" for its inability to ensure allocated resources are being used "cost-effectively and efficiently to improve veterans" health care access, safety, and quality.<sup>2</sup> VA health care remains on the list today. In addition, GAO reports that the VA continues to have challenges "regarding the reliability, transparency, and consistency of its budget estimates for medical services, as well as weaknesses in tracking obligations for medical services and estimating budgetary needs for future years."<sup>3</sup>

This budget calls for the VA to implement GAO's recommendations to update and improve the VA's health care system to provide timely access to quality health care for our nation's veterans.

#### MANDATORY SPENDING

*Reform the VA's Individual Unemployability Benefits.* The VA provides monthly disability compensation, based on a disability rating ranging from 0 to 100 percent. If a disabled veteran is unable to maintain substantially gainful employment, the VA provides supplemental compensation under the Individual Unemployability program (IU). The IU program supplemental increases an eligible veteran's disability rating to 100 percent. Since 2013, older beneficiaries (aged 65 and older) represented the majority of the IU population with the majority of the beneficiaries receiving the benefit for the first time.<sup>4</sup>

The budget recommends the following reforms: 1) institute an application restriction to veterans age 68 and older from applying for the first time to the VA's IU benefit program (the age is higher than Social Security full retirement age); 2) institute a means-test for a person with a net worth of \$127,748 to mirror the VA's proposed net worth rule for the pension program; and 3) codify the IU program into law to ensure it functions appropriately through congressional oversight.<sup>5</sup> These budget recommendations would only apply to new applicants and assume beneficiaries who were enrolled before enactment would not be impacted by the policy change.

*Slow the Growth of Education Tuition Increases.* Veterans' education benefits became significantly more generous following the 2008 passage of the Post-9/11 G.I. Bill. The Post-9/11 G.I. Bill covers veterans' tuition, fees, and textbook costs, in addition to providing a monthly living stipend. Over the past decade, tuition rates

<sup>2</sup> Government Accountability Office, *Managing Risks and Improving VA Health Care*, report no. GAO-17-317, February 15, 2017, <https://www.gao.gov/products/GAO-17-317>.

<sup>3</sup> GAO, GAO-17-317.

<sup>4</sup> Government Accountability Office, *Veterans' Disability Benefits: VA Can Better Ensure Unemployability Decisions Are Well Supported*, report no. GAO-15-464, June 2, 2015, <https://www.gao.gov/assets/680/670592.pdf>.

<sup>5</sup> Social Security Administration, "Benefits Planner: Retirement," accessed June 4, 2018, <https://www.ssa.gov/planners/retire/retirechart.html>.



have increased at an average annual rate that is considerably higher than inflation.<sup>6</sup> In 2011, the House and Senate Veterans' Affairs Committees sent a letter to the Joint Select Committee on Deficit Reduction (JSCDR) recommending a policy proposal to cap the annual increase in tuition support.<sup>7</sup> This budget, in line with the JSCDR proposal, would fund growth in tuition rates up to a 3 percent inflationary cap. This budget also assumes beneficiaries who were enrolled before enactment would not be impacted by the policy change.

*Reform VA Home Loan Guaranty Funding Fee Rates.* Under current law, the VA may guarantee a home loan for eligible service members, veterans (with both service-connected and non-service-connected injuries), reservists, and certain unmarried surviving spouses to purchase houses, condominiums, and manufactured homes. A funding fee for the program was first established in the Omnibus Budget Reconciliation Act of 1982.<sup>8</sup> The funding fee is paid as a percentage of the home loan. The funding fee rate is based on factors including whether the beneficiary is a first-time homebuyer or whether or not the beneficiary is making a down payment.<sup>9</sup> Veterans with service-connected disabilities are exempt from the funding fee.

Current VA funding fees are lower than other federal housing programs, such as the Federal Housing Administration. This budget option calls for VA Loan Guaranty funding fee rates for non-service-connected veterans to be reformed at a reasonable rate, while ensuring the integrity and sustainability of the program remains intact.

*Reinstate the Round Down of Annual Cost-of-Living Adjustment.* This option would require the VA to round down increases in the monthly compensation rate resulting from an annual cost-of-living adjustment (COLA) to the next lower whole dollar. The VA would apply this round down to both disability compensation and dependency and indemnity compensation payments. A similar requirement expired at the end of 2013, and this budget option recommends a reinstatement of this policy. This policy recommendation was also included in past President Obama budget requests and President Trump's fiscal year 2018 and fiscal year 2019 budget requests.

*Reform Post-9/11 G.I. Bill, Monthly Housing Allowance Rate.* Under current law, the Post-9/11 G.I. Bill monthly housing allowance (MHA) is based on the Department of Defense basic allowance for housing (BAH) rate for a service member in pay grade E-5 with dependents.<sup>10</sup> All veterans receive this MHA rate regardless of

<sup>6</sup>Tom Lindsay, "College Tuition Inflation: An Overblown Crisis?," *Forbes*, December 13, 2017, <https://www.forbes.com/sites/tomlindsay/2017/12/13/college-tuition-inflation-an-overblown-crisis/#2a887637589e>.

<sup>7</sup>The Honorable Jeff Miller, Chairman, House Comm. on Veterans' Affairs, the Honorable Bob Filner, Ranking Member, House Comm. on Veterans' Affairs, the Honorable Patty Murray, Chairman, Senate Comm. on Veterans' Affairs, and the Honorable Richard Burr, Ranking Member, Senate Comm. on Veterans' Affairs, letter to the Joint Select Comm. on Deficit Reduction, October 14, 2019, <https://veterans.house.gov/news/documentsingle.aspx?DocumentID=801>.

<sup>8</sup>Omnibus Budget Reconciliation Act of 1982, Pub. L. No. 97-253, 96 Stat. 763 (1982).

<sup>9</sup>Veterans Access, Choice, and Accountability Act of 2014, Pub. L. No. 113-146, 128 Stat. 1754 (2014).

<sup>10</sup>Post-9/11 Veterans' Educational Assistance Act of 2008, Title V of the Supplemental Appropriations Act, 2008, 38 U.S.C. § 3313 (2008).

whether or not they have a dependent. This budget option would align the Post-9/11 G.I. Bill with other federal programs by requiring beneficiaries to verify their dependent in order to collect MHA at the E-5 with dependent pay rate. Should the beneficiary be unable to verify a dependent, they will be paid at the E-5 without dependent pay rate. This budget assumes beneficiaries who were enrolled before enactment would not be impacted by the policy change.

*Reform the VA's Rating Schedule for Disability Compensation.* The Department of Veterans Affairs administers one of the largest federal disability compensation benefit programs, based on the loss of earning potential as a result of service-connected disability.<sup>11</sup> Under section 1155 of Title 38, the VA is required to “adopt and apply a schedule of ratings of reductions in earning capacity from specific injuries or combination of injuries” to determine the veteran’s disability compensation amount.<sup>12</sup> In fiscal year 2016 (the most recent figures available by the Department), the VA provided \$64.7 billion in disability compensation payments to 4.3 million veterans with service-connected disabilities.<sup>13</sup> Currently, the VA uses the “1945 Rating Schedule and its medical criteria with some revisions to evaluate veterans for disability compensation.”<sup>14</sup> In 2003, GAO designated the VA’s disability compensation rating program as “high-risk” due in part to the VA’s relying on outdated criteria to determine whether recipients should qualify for disability compensation benefits in relation to advances in “medicine, technology, or changes in the modern work environment.”<sup>15</sup> The program remains on the high-risk list today.

The rating schedule needs a systematic overhaul to align with present-day accepted medical principles and medical standards, and to address whether disabilities lower than 30 percent constitute material impairment of earning capacity.<sup>16</sup> This budget calls for reforming the VA disability compensation rating schedule.

<sup>11</sup> Government Accountability Office, *VA Disability Compensation: Actions Needed to Address Hurdles Facing Program Modernization*, GAO-12-846, September 2012, <http://www.gao.gov/assets/650/647877.pdf>.

<sup>12</sup> An Act to consolidate into one Act all of the laws administered by the Veterans’ Administration, and for other purposes, as amended, 38 U.S.C. § 1155.

<sup>13</sup> Department of Veterans Affairs, *Veterans Benefits Administration Annual Benefits Report: Fiscal Year 2016*, February 2017, [https://www.benefits.va.gov/REPORTS/abr/ABR-All Sections FY16\\_06292017.pdf](https://www.benefits.va.gov/REPORTS/abr/ABR-All%20Sections%20FY16_06292017.pdf).

<sup>14</sup> Michael McGeary, Morgan A. Ford, Susan R. McCutchen, and David K. Barnes, eds., *A 21st Century System for Evaluating Veterans for Disability Benefits*, Institute of Medicine, (Washington, DC: The National Academies Press, 2007), 102.

<sup>15</sup> Government Accountability Office, “Improving and Modernizing Federal Disability Programs,” in *High-Risk Series: Progress on Many High-Risk Areas, While Substantial Efforts Needed on Others*, GAO-17-317, February 15, 2017, <https://www.gao.gov/assets/690/682765.pdf>.

<sup>16</sup> GAO, GAO-17-317.

## FUNCTION 750: ADMINISTRATION OF JUSTICE

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### Function Summary

The principal activities in Function 750 include federal law enforcement programs, litigation and judicial activities, correctional operations, and border security. The function includes most of the U.S. Department of Justice (DOJ) and several components of the U.S. Department of Homeland Security (DHS). Within DOJ, agencies funded include: the Federal Bureau of Investigation (FBI), the Drug Enforcement Administration, the Bureau of Alcohol, Tobacco, Firearms and Explosives, the United States Attorneys, DOJ legal divisions, the Legal Services Corporation, the Federal Judiciary, and the Federal Bureau of Prisons. The small amount of mandatory spending in the category funds certain immigration activities, the Crime Victims Fund, the Assets Forfeiture Fund, and the Treasury Forfeiture Fund.

### Summary of Committee-Reported Resolution

In fiscal year 2019, the budget calls for \$58.3 billion in budget authority and \$63.0 billion in outlays. Of that total, discretionary spending totals \$59.6 billion in budget authority and \$59.7 billion in outlays, and mandatory spending totals -\$1.3 billion in budget authority and \$3.3 billion in outlays. The 10-year totals for budget authority and outlays are \$696.5 billion and \$702.9 billion, respectively. The negative figure reflects the collection of user fees and rescissions from the Crime Victims Fund balance.

### Illustrative Policy Options

The House Committees of jurisdiction for this function include the Committees on Judiciary and Homeland Security and the Committee on Appropriations Subcommittees on Commerce, Justice, Science and Related Activities, and Homeland Security. Below are options committees of jurisdiction may wish to consider when making final policy and funding decisions.

#### DISCRETIONARY SPENDING

*Consolidate Justice Grants.* DOJ awards over \$2 billion annually in grants to conduct research, provide training assistance, and support state and local criminal justice systems. The majority of these grants fall within the jurisdiction of state and local governments, and the federal government should limit itself to funding programs that these localities cannot support themselves.

*Eliminate the Legal Services Corporation.* The Legal Services Corporation is an independent, nonprofit organization that provides federal funding for legal aid to low income individuals. It is the duty of state and local governments to provide legal services to those individuals unable to provide it for themselves. Local jurisdictions are more aware of their citizens' needs and can provide more responsive service than the federal government.

#### MANDATORY SPENDING

*Permanently Extend Customs User Fees.* The Consolidated Omnibus Reconciliation Act of 1985 authorized U.S. Customs and Border Protection to collect user fees for various services.<sup>1</sup> These include processing fees for air and sea passengers, commercial trucks, rail cars, and other commercial vessels. The budget assumes this agency, housed within the U.S. Department of Homeland Security, will continue to collect customs user fees through fiscal year 2028, the last year of the budget window. This budget assumes making these customs user fees permanent.

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<sup>1</sup>Consolidated Omnibus Reconciliation Act of 1985, Pub. L. No. 99-272, 100 Stat. 82 (1985).

## FUNCTION 800: GENERAL GOVERNMENT

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### Function Summary

Function 800, the General Government function, includes the activities of the White House and the Executive Office of the President (EOP), the legislative branch, and programs designed to carry out the legislative and administrative responsibilities of the federal government, including fiscal operations, personnel management, and real estate and other property management activities. Other major departments and agencies that comprise Function 800 include the U.S. Department of the Treasury, the General Services Administration (GSA), the Internal Revenue Service (IRS), the Federal Election Commission, the Library of Congress, the Government Accountability Office (GAO), and certain funding for the District of Columbia.

### Summary of Committee-Reported Resolution

In fiscal year 2019, the resolution calls for \$23.3 billion in budget authority and \$23.0 billion in outlays. Of that total, discretionary spending totals \$16.4 billion in budget authority and \$16.2 billion in outlays, and mandatory spending is \$6.9 billion in budget authority and \$6.8 billion in outlays. The 10-year totals for budget authority and outlays are \$267.1 billion and \$262.6 billion, respectively.

### Illustrative Policy Options

The House authorizing committees of jurisdiction for Function 800 programs include the Committee on Oversight and Government Reform, Committee on Natural Resources, and the Committee on House Administration. Funding is provided primarily by the Committee on Appropriations Subcommittee on Legislative Branch, Subcommittee on Financial Services and General Government, and the Subcommittee on Interior, Environment, and Related Agencies. Below are options committees of jurisdiction may wish to consider when making final policy and funding decisions.

#### DISCRETIONARY SPENDING

*Terminate the Election Assistance Commission.* This independent agency was created in 2002 as part of the Help America Vote Act to provide grants to states to modernize voting equipment.<sup>1</sup> Its mission has been fulfilled. The National Association of Secretaries of

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<sup>1</sup> Help America Vote Act, Pub. L. No. 107-252, 116 Stat. 1666 (2002).

State, the association of state officials responsible for administering elections, has passed resolutions stating the Election Assistance Commission (EAC) has served its purpose and funding is no longer necessary. The EAC should be eliminated and any valuable residual functions should be transferred to the Federal Election Commission.

*Right-Size the Internal Revenue Service.* The Internal Revenue Service (IRS) has nearly 75,000 employees and spends in excess of \$12 billion annually.<sup>2</sup> The investigation related to the IRS targeting American citizens demonstrates that its massive budget has not resulted in better service to taxpayers; rather, it has created a bureaucracy filled with inefficiency and abuse. A simplified tax code, ushered in by the Tax Cut and Jobs Act, will have the dual benefits of reducing both the time taxpayers devote to complying with an overly complex code and the taxpayer dollars needed to administer and enforce it.

*Make More Efficient Use of Legislative and Executive Branch Resources.* This budget aims to scale back government wherever it has expanded needlessly or beyond its proper role. That includes within government operations and offices themselves. It also could include reforms such as reducing pensions of former U.S. presidents—recognizing their ability to support themselves primarily through other means of employment—while providing for security and pensions for any surviving spouses. The budget recommends treating the Legislative and Executive Branch appropriations the same as other federal agencies and programs and paring costs where possible. As taxpayers are required, at times, to do more with less, so too must Congress and the Executive Branch. The budget supports cost-cutting efforts and reforms that require better priority-setting for Legislative and Executive Branch funds.

*Further Consolidate Federal Data Centers.* By increasing efficiencies and continued efforts to incorporate cloud computing technologies, the federal government can significantly decrease taxpayer spending on underused infrastructure. Notably, GAO has reported on and the Office of Management and Budget (OMB) has established government-wide cost savings goals resulting from data center consolidation pursuant to the Federal Information Technology Acquisition Reform Act (FITARA).<sup>3</sup> For example, GAO reported in August 2017, federal agencies are expected to reduce annual costs government-wide by reducing physical data centers by 25 percent with an expected savings of \$2.7 billion by the end of fiscal year 2018.<sup>4</sup>

*Modernize Federal Information Technology.* For the last few years, the government spent more than \$90 billion annually on information technology (IT) purchases and maintenance, with over 75 percent of this spending on operations and maintenance of existing or legacy IT systems. For fiscal year 2019, federal agencies plan to

<sup>2</sup> Internal Revenue Service, *2017 Internal Revenue Service Data Book*, U.S. Department of the Treasury, publication no. 55B, March 2018, <https://www.irs.gov/statistics/irs-budget-and-workforce>.

<sup>3</sup> Carl Levin and Howard P. “Buck” McKeon National Defense Authorization Act for Fiscal Year 2015, Pub. L. No. 113–291, 128 Stat. 3292 (2014), Title VIII, Subtitle D.

<sup>4</sup> Government Accountability Office, *Data Center Optimization: Agencies Need to Address Challenges and Improve Progress to Achieve Cost Savings Goal*, GAO–17–448, August 2017, <https://www.gao.gov/assets/690/686574.pdf>, 11.

spend over 80 percent of IT budgets to keep aging legacy systems running; a 5 percent increase over last year. By contrast, agencies are planning on spending only 20 percent on IT modernization in fiscal year 2019. Total non-defense, unclassified IT spending amounted to \$45.5 billion in fiscal year 2018, up from \$44.9 billion the previous year. The Modernizing Government Technology Act, which was enacted in December 2017, authorizes a central Technology Modernization Fund (TMF) to be overseen by a board chaired by OMB and administered by GSA.<sup>5</sup> The President's Fiscal Year 2019 budget request includes \$210 million for the TMF. The proposed TMF funding has been described as seed money that will be subsequently replenished by agency repayments for the initial funds transferred to agencies to complete the work. Continued agency implementation of FITARA empowers agency chief information officers to manage IT, and is driving effective management of agency IT portfolios. This budget supports the active oversight and reform efforts pursued by the House Committee on Oversight and Government Reform. With increased agency attention on FITARA implementation, further modernization and implementation of innovative technology solutions will allow the federal government to realize savings.

#### MANDATORY SPENDING

*Federal Real-Property Management Reform.* The federal government continues to maintain too much excess and underutilized property. Since 2003, federal real property management has appeared on the GAO "High Risk List" due to concerns about the reliability of real property data, the deteriorating conditions of facilities, the quantity of excess and underutilized properties, an overreliance on leasing, and building security. The federal government is the largest single holder of real property in the United States, with more than 900,000 assets in its inventory, including 267,000 buildings. Additionally, agency leases cost taxpayers over \$7 billion annually. The federal government could realize hundreds of millions of dollars in savings by disposing of unneeded or underutilized property, as well as consolidating and co-locating properties to realize cost efficiencies and improve shared resources. This budget supports the work of the House Committee on Oversight and Government Reform and recently enacted legislation focused on addressing the federal government's real estate issues: the Federal Assets Sale and Transfer Act (FASTA) of 2016 and the Federal Real Property Management Reform Act of 2016.<sup>6 7</sup> FASTA created a Public Buildings Reform Board for disposing, consolidating, and otherwise realigning the government's real property portfolio. FASTA also incentivized additional reduction and savings efforts by allowing agency retention of sales proceeds for specific disposal related purposes. One of GSA's foremost goals should be to work with the administration to reform the government's real property portfolio by reducing the federal building footprint.

<sup>5</sup> National Defense Authorization Act for Fiscal Year 2018, Pub. L. No. 115–91, 131 Stat. 1283 (2017), Title X, Subtitle G.

<sup>6</sup> Federal Assets Sale and Transfer Act of 2016, Pub. L. No. 114–287, 114 Stat. 1463 (2016).

<sup>7</sup> Federal Real Property Management Reform Act of 2016, Pub. L. No. 114–318, 130 Stat. 1608 (2016).





## FUNCTION 900: NET INTEREST

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### Function Summary

As the government runs chronic deficits and adds to its debt, it continues running up interest costs. These payments provide no benefits and finance no government service or operations. They are simply excess costs resulting from a history of spending beyond the government's means. According to the Congressional Budget Office (CBO), if government programs are not reformed, net interest payments are projected to nearly triple over the next decade, rising from \$316 billion in fiscal year 2018 to \$915 billion in fiscal year 2028.<sup>1</sup> During this time, the federal government will reach a point at which it spends more on interest payments than it does on national defense, Medicaid, education, and infrastructure, among other programs. In fiscal year 2023, CBO projects interest on the debt will become the government's third largest budget line item, following only Social Security and Medicare.<sup>2</sup>

These costs are reflected in Function 900, which presents the interest paid for the federal government's borrowing minus the interest received by the federal government from trust fund investments and loans to the public. It is a mandatory payment, in the truest sense of the word, with no policy options and no discretionary components.

Reducing interest costs will require sustained spending restraint. This budget provides such restraint, and it reduces net interest by \$675 billion over 10 years compared to the CBO baseline.

### Summary of Committee-Reported Resolution

The budget calls for \$388.2 billion of mandatory spending for net interest payments in fiscal year 2019. Over 10 years, interest payments are expected to total \$6.2 trillion.

On-budget mandatory spending—or net interest payments unrelated to Social Security—sum to \$468.9 billion in fiscal year 2019 and \$6.9 trillion over the decade. The on-budget figure is larger than the budget Function 900 total because the former is offset by off-budget interest payments to the Social Security Trust Fund. These off-budget payments are presented as negative numbers, as they reflect money coming into, rather than flowing out of, the U.S. Treasury. Off-budget mandatory spending is −\$80.7 billion in fiscal year 2019 and −\$701.7 billion over 10 years.

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<sup>1</sup> *The Budget and Economic Outlook: 2018 to 2028*, Congressional Budget Office, April 9, 2018, <https://www.cbo.gov/publication/53651>, Table 2–1.

<sup>2</sup> *The Budget and Economic Outlook: 2018 to 2028*, Table 2–1.



## FUNCTION 920: ALLOWANCES

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### Function Summary

The Budget Control Act of 2011 (BCA) enacted significant spending reductions enforced by statutory spending caps and an automatic enforcement procedure.<sup>1</sup> The BCA did not specify a distribution of spending reductions in specific budget functions other than for National Defense (Function 050) and Medicare (Function 570), even though the law requires reductions in non-defense and non-Medicare areas of the budget. To account for the unspecified function-by-function reductions under the BCA, the Congressional Budget Office has assigned the non-defense and non-Medicare reductions to Function 920.

### Summary of Committee-Reported Resolution

The budget calls for -\$17.6 billion in budget authority and -\$9.2 billion in outlays in fiscal year 2019. The 10-year totals for budget authority and outlays are -\$998.0 billion and -\$894.6 billion, respectively.

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<sup>1</sup>Budget Control Act of 2011, Pub. L. No. 112–25, 125 Stat. 240 (2011).



## FUNCTION 930: GOVERNMENT-WIDE SAVINGS

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### Function Summary

A number of policies assumed in the budget cut across multiple agencies or functional categories, and have government-wide effects. These are reflected in Function 930 and include changes in the federal civilian workforce or reductions in the government's improper payments. For ease of understanding, the budget employs this category, Government-Wide Savings, to describe these assumptions.

### Summary of Committee-Reported Resolution

In fiscal year 2019, the budget calls for –\$57.9 billion in budget authority and –\$14.6 billion in outlays. Of that total, discretionary spending totals –\$35.0 billion in budget authority and \$8.5 billion in outlays, and mandatory spending in 2019 is –\$23.0 billion in budget authority and –\$23.1 billion in outlays. The 10-year totals for budget authority and outlays are –\$1.8 trillion and –\$1.3 trillion, respectively.

### Illustrative Policy Options

Below are options House committees of jurisdiction may wish to consider when making final policy and funding decisions.

#### DISCRETIONARY SPENDING

*Reduce the Federal Civilian Workforce Through Attrition.* The budget assumes discretionary savings through a 10-percent reduction in certain agencies of the federal civilian workforce through attrition. Under the assumed strategy, the administration would be permitted to hire one employee for every three who leave government service. National security positions would be exempt.

#### MANDATORY SPENDING

*Assume Savings in Budget Control Act Continue.* The Budget Control Act (BCA) established an automatic enforcement mechanism—commonly known as a sequester—to ensure a promised level of savings from that law would be actually realized.<sup>1</sup> These savings were first implemented in 2013 and are scheduled to continue

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<sup>1</sup> Budget Control Act of 2011, Pub. L. No. 112–25, 125 Stat. 240 (2011).

through 2027. The resolution proposes to extend the savings created by the BCA through 2028.

*Align the G-Fund Investment Return with an Appropriate Risk Profile.* The budget assumes savings by correctly aligning the rate of return on U.S. Treasury securities within the Federal Employee Retirement System's Thrift Savings Plan with its investment risk profile. Securities within the G-Fund are not subject to risk of default. Payment of principal and interest is guaranteed by the U.S. Government. Yet, the interest rate paid is equivalent to a long-term security. As a result, those who participate in the G-Fund are rewarded with a long-term rate on what is essentially a short-term security.

*Reduce Government-Wide Improper Payments by 50 Percent.* Government-wide improper payments summed to an astounding \$141 billion in 2017 and are projected to continue rising in the future. The budget proposes the establishment of an independent commission by the end of the year to find tangible solutions to reduce government-wide improper payments. This new commission would be charged with finding ways to reduce improper payments by 50 percent within the next five years. The commission would also be required to develop a tighter system of agency oversight to ensure agencies comply with commission recommendations and are successfully meeting the reduction goal over time.

## **FUNCTION 950: UNDISTRIBUTED OFFSETTING RECEIPTS**

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### **Function Summary**

Offsetting receipts to the Treasury are recorded in Function 950 as negative budget authority and outlays. Receipts appearing here are either intra-budgetary (a payment from one federal agency to another, such as agency payments to the retirement trust funds) or proprietary (a payment from the public for some kind of business transaction with the government). The main types of receipts presented are the payments federal agencies make to employee retirement and health care funds; payments made by companies for the right to explore and produce oil and gas on the Outer Continental Shelf (OCS); and payments by those who bid for the right to buy or use public property or resources, such as the electromagnetic spectrum. The category also contains an off-budget component that reflects the federal government's share of Social Security contributions for federal employees.

### **Summary of Committee-Reported Resolution**

In fiscal year 2019, the budget calls for –\$100.8 billion in budget authority and –\$100.8 billion in outlays. The 10-year totals for budget authority and outlays are –\$1.2 trillion and –\$1.2 trillion, respectively.

On-budget totals for fiscal year 2019 are –\$82.9 billion in budget authority and –\$82.9 billion in outlays. Over 10 years, the on-budget totals are –\$1.0 trillion in budget authority and –\$1.0 trillion in outlays.

Off-budget totals for fiscal year 2019 are –\$17.8 billion in budget authority and –\$17.8 billion in outlays. Over 10 years, the off-budget totals are –\$207.9 billion in budget authority and –\$207.9 billion in outlays.

### **Illustrative Policy Options**

Below are options House committees of jurisdiction may wish to consider when making final policy and funding decisions.

#### **MANDATORY SPENDING**

*Federal Land.* Currently, the federal government owns nearly 650 million acres of land—almost 30 percent of the land area of the United States. In addition to federal real-property reform, this budget supports examining federal lands, in consultation with state and local communities, to identify where certain lands may be

more efficiently managed by states and localities, thus reducing the burden on the federal government. Excluded from this policy are National Parks, wilderness areas, wildlife refuges, and wild and scenic rivers.

*Reduce Strategic Petroleum Reserve (SPR) Through Asset Sales.* The SPR was created following the energy crisis of 1973 when Organization of the Petroleum Exporting Countries (OPEC) members proclaimed an oil embargo. Since then, the U.S. has significantly reduced its dependence on overseas oil. Furthermore, the recent significant expansion of U.S. oil supplies allows the federal government to safely draw down the number of barrels it holds in reserve. This budget assumes the sale of 100 million barrels of SPR, expecting that increased domestic energy production will allow the U.S. to maintain compliance with international agreements.

*Active Management of Electromagnetic Spectrum.* Since 1994, the Federal Communications Commission (FCC) has conducted auctions of licenses for electromagnetic spectrum. In consultation with the House Committee on Energy and Commerce, and in accordance with previously enacted legislation from Congress, the FCC has continued to make available to the public and private sectors, specific bandwidths and frequencies while encouraging federal consumers—various agencies and departments—to better consolidate their spectrum usage and right-size their spectrum footprints. This budget supports the continued work of both the FCC and the House Committee on Energy and Commerce in identifying specific bandwidths and making these frequencies available to the public and private market. As communication technology continues to improve, and wireless carriers evolve into the realm of fifth generation systems (5G), the federal government must continue to provide proactive stewardship of the radio spectrum without becoming a barrier to invention and innovation.



## **FUNCTION 970: OVERSEAS CONTINGENCY OPERATIONS/GLOBAL WAR ON TERRORISM**

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### **Function Summary**

Function 970 reflects non-enduring funding for the execution of the Overseas Contingency Operations (OCO)/Global War on Terrorism (GWOT) programs and other closely related activities. It provides funding for Department of Defense Operation Freedom's Sentinel in Afghanistan and Operation Inherent Resolve in Iraq and Syria.<sup>1</sup> OCO/GWOT also provides funding for civilian activities led by Department of State (DOS) and the U.S. Agency for International Development (USAID). OCO/GWOT funding is not subject to the statutory discretionary spending limits established by the Budget Control Act of 2011.<sup>2</sup>

### **Summary of Committee-Reported Resolution**

In fiscal year 2019, the resolution calls for \$77.0 billion in budget authority and \$38.9 billion in outlays for OCO/GWOT (shown in function 970 in the summary tables). This function accommodates all funding requested by the Department of Defense for fiscal year 2019 and is consistent with the level provided for in the Bipartisan Budget Act of 2018.<sup>3</sup> Of that total, defense-military related activities totals \$69.0 billion in budget authority in fiscal year 2019. The remaining budget authority in fiscal year 2019 totals \$8.0 billion and funds civilian activities in the region.

While this budget fully supports OCO/GWOT efforts and sufficient funding to execute contingency missions, funding provided in the OCO/GWOT budget will take place 18 years after the 9/11 terrorist attacks on the United States, which triggered wars in Afghanistan and Iraq. If these activities are to be ongoing—which may well be the case in the twenty-first century security environment—Congress should assume them as part of the nation's overall defense strategy and budget accordingly.

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<sup>1</sup>Lynn M. Williams and Susan B. Epstein, *Overseas Contingency Operations Funding: Background and Status*, Congressional Research Service, report no. R44519, February 7, 2017.

<sup>2</sup>Budget Control Act of 2011, Pub. L. No. 112–25, 125 Stat. 240 (2011).

<sup>3</sup>Bipartisan Budget Act of 2018, Pub. L. No. 115–123 (2018).



# REVENUE AND TAX REFORM

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## Summary of Revenue Projections

For the purpose of the budget resolution, revenues refers to all collected tax monies, fees and fines, and customs duties. The budget assumes the Congressional Budget Office's projections for revenue levels and integrates the positive economic impact of the recently-enacted Tax Cuts and Jobs Act of 2017 (also referred to as the 2017 tax reform).<sup>1</sup> These projections incorporate the work of the Joint Committee on Taxation (JCT).

The budget assumes \$3.49 trillion in revenues in fiscal year 2019. Of that total, individual income tax-generated revenues account for \$1.74 trillion, payroll tax-generated revenues account for \$1.23 trillion, and corporate income tax-generated revenues account for \$276 billion. Other revenues, including excise taxes, account for \$238 billion. The 10-year total projection for revenues is \$44.16 trillion.

## Tax Cuts and Jobs Act

The Tax Cuts and Jobs Act made sweeping changes to the way tax law impacts Americans. The goal of tax reform was to advance a bold, pro-growth overhaul of the nation's tax code for the first time in over three decades. In reality, the Tax Cuts and Jobs Act accomplished that and much more: the Congressional Budget Office (CBO) projects the law will lead to more jobs, higher productivity, bigger paychecks for American families, and a stronger economy in the immediate term.

On the individual income side, the 2017 tax reform lowered individual taxes and set rates at new brackets of: 0 percent, 10 percent, 12 percent, 22 percent, 24 percent, 32 percent, 35 percent, and 37 percent. Arguably, the most impactful change is that the law roughly doubled the standard deduction from \$6,500 and \$13,000 to \$12,000 and \$24,000 for individuals and married couples, respectively. These two changes will enable Americans to keep more of their hard-earned paychecks. For example, a typical American family earning the median family income (approximately \$73,000) will see a tax cut of \$2,059.<sup>2</sup> This is more than \$2,000 back in the pockets of Americans—money they can spend on their children, on education, on easing the strain of daily home budgeting, on hard-

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<sup>1</sup> Tax Cuts and Jobs Act of 2017, Pub. L. No. 115–97, 131 Stat. 2239 (2017).

<sup>2</sup> House Comm. on Ways and Means and Senate Comm. on Finance, "Tax Cuts & Jobs Act: Taxpayer Examples," House and Senate Conference Committee Resources, accessed May 25, 2018, [https://waysandmeans.house.gov/wp-content/uploads/2017/12/TCJA\\_TaxpayerExamples121817.pdf](https://waysandmeans.house.gov/wp-content/uploads/2017/12/TCJA_TaxpayerExamples121817.pdf).

earned vacations, and on consumer purchases that will reinvigorate the economy.

The Tax Cuts and Jobs Act focuses on helping families in other ways, as well. It doubles the Child Tax Credit to \$2,000 to help parents raising children and expands the use of 529 accounts to support those saving for education. The reform package preserves important aspects of existing law, as well: it maintains the mortgage interest deduction, the Child and Dependent Care Tax Credit, and the Adoption Tax Credit. Additionally, it provides targeted relief from high health costs by expanding the medical expense deduction and eliminating the Obamacare individual mandate penalty.

On the business side, the Tax Cuts and Jobs Act lowered the corporate tax rate to 21 percent, down from 35 percent. This is the largest reduction in U.S. history. It enables businesses to grow and expand by allowing them to write off immediately the full cost of new equipment and offering a 20 percent deduction on the first \$315,000 of joint income earned. The Tax Cuts and Jobs Act eliminated the Corporate Alternative Minimum Tax and modernized the international tax structure. Taken together, these and other corporate tax reforms have already and will continue to provide widespread relief for job creators, helping expand the American economy—and expand opportunity in the process.

According to the Congressional Budget Office and the Joint Committee on Taxation, the United States is already reaping the benefits of the 2017 tax reform legislation.<sup>3</sup>

#### TANGIBLE ECONOMIC RELIEF

*Direct Results.* CBO reports that the tax law “will encourage workers to work more hours and businesses to increase investment in productive capital, thereby raising employment, income, and potential output. In addition, the increase in after-tax income will boost spending in the near term, boosting actual output . . .”<sup>4</sup> In simple terms, tax reform will boost the economy and provide relief to all Americans.

*Supporting American Workers.* Tax relief enables businesses to grow, expand their operations, and invest in their workers through higher wages and more benefits. In fact, at the time of this report’s writing, over 500 businesses have already announced that they are raising wages, providing more benefits, and offering bonuses to their employees as a direct result of the Tax Cuts and Jobs Act.<sup>5</sup> This number grows daily.

*Encouraging Work.* A flourishing economy will subsequently generate greater demand for labor and consequently higher wages for American workers. CBO projects the tax law to raise nonfarm employment, on average, by 0.6 percent over the 10-year budget pe-

<sup>3</sup>*The Budget and Economic Outlook: 2018 to 2028*, Congressional Budget Office, April 9, 2018, <https://www.cbo.gov/publication/53651>.

<sup>4</sup>*The Budget and Economic Outlook: 2018 to 2028*, 11.

<sup>5</sup>John Kartch, “List of Tax Reform Good News,” Americans for Tax Reform, May 23, 2018, <https://www.atr.org/list>.

riod.<sup>6</sup> This translates to approximately 1 million new jobs directly attributable to the Tax Cuts and Jobs Act over the next 11 years.<sup>7</sup>

#### REVENUE TRENDS FROM TAX REFORM

*Returns on Investment.* Heightened economic activity directly results from the policies advanced in the 2017 tax reform. CBO predicts that total business fixed investment is higher in every year within the budget window than it otherwise would have been without tax reform.<sup>8</sup>

*Increased Growth.* The Tax Cuts and Jobs Act will provide a powerful boost to the economy by encouraging the building blocks of growth—savings, investment, and work. In direct relation to tax reform, real gross domestic product (GDP) will jump 0.3 percent in fiscal year 2018 and 0.6 percent in fiscal year 2019.<sup>9</sup> This spikes to a full 1.0 percent in fiscal year 2022, as the full effects of the law materialize.<sup>10</sup> Over the decade, this translates to a 0.7 percent addition to GDP, on average.<sup>11</sup> According to CBO, “domestic income that derives from the production of goods and services . . . is projected to rise with GDP.”<sup>12</sup>

*Higher Wages Translate to Higher Revenues.* When Americans make more income and keep more of their own money, they inject more of that money back into the marketplace, stimulating economic growth. When they earn higher wages, they move into higher tax brackets, and the nation’s pockets grow heavier. Thus, tax reform provides relief to both individuals and businesses, Americans earn and keep more money, and those earnings both help the market and feed the government through increased revenues over time.

*Trending Upward.* CBO and JCT expect revenues to trend upward over the budget window, in sync with the growing economy. Every year through the decade, revenues derived from individual taxes increase. This happens even while tax rates decrease and Americans benefit from tax cuts. Such a trend is possible because of the economic growth, greater opportunity, and explosion in the labor market. As Americans work more and earn more, they move into higher tax brackets. In relation to the nation’s fiscal health, higher taxable earnings lead to a steady increase in revenues as a percentage of GDP. Revenues are a greater percentage of GDP every year over the 10-year window, culminating at 18.5 percent by fiscal year 2028.<sup>13</sup> This demonstrates that the success of every American after tax reform becomes the success of the entire nation.

<sup>6</sup>*The Budget and Economic Outlook: 2018 to 2028*, 13 with supplemental correction issued April 17, 2018.

<sup>7</sup>*The Budget and Economic Outlook: 2018 to 2028*, 13 with supplemental correction issued April 17, 2018.

<sup>8</sup>*The Budget and Economic Outlook: 2018 to 2028*, 121.

<sup>9</sup>*The Budget and Economic Outlook: 2018 to 2028*, Table B–2.

<sup>10</sup>*The Budget and Economic Outlook: 2018 to 2028*, Table B–2.

<sup>11</sup>*The Budget and Economic Outlook: 2018 to 2028*, Table B–2.

<sup>12</sup>*The Budget and Economic Outlook: 2018 to 2028*, 126.

<sup>13</sup>*The Budget and Economic Outlook: 2018 to 2028*, Table 3–1.

TABLE 8.—TAX EXPENDITURE ESTIMATES BY BUDGET FUNCTION, FISCAL YEARS 2017–2021 [1]  
[Billions of dollars]

Function	Corporations					Individuals				
	2017	2018	2019	2020	2021	2017	2018	2019	2020	2021
<b>National Defense:</b>										
Deduction for overnight travel expenses of national guard and reserve members .....						0.1	0.1	0.1	0.1	0.1
Exclusion of military disability benefits .....						0.3	0.2	0.2	0.2	0.2
Exclusion of combat pay .....						1.3	1.2	1.2	1.2	1.3
Exclusion of benefits and allowances to armed forces personnel .....						6.2	5.5	5.7	5.8	6.1
<b>International Affairs:</b>										
Base erosion and anti abuse tax* .....		-2.9	-12.0	-15.2	-15.7					
Deduction for foreign taxes instead of a credit .....	0.3	0.2	0.2	0.2	0.2					
Deduction for foreign derived intangible income derived from trade or business within the United States .....		9.6	15.4	19.3	23.1					
Reduced tax rate on active income of controlled foreign corporations .....	105.4	73.9	68.0	76.3	80.6					
Inventory property sales source rule exception .....	1.8	0.5								
Exclusion of foreign earned income:										
Salary .....						7.2	7.2	7.5	8.0	8.5
Housing .....						1.2	1.2	1.2	1.3	1.3
Exclusion of certain allowances for Federal employees abroad .....						1.4	1.4	1.5	1.5	1.6
Deferral of active financing income .....	9.0	3.7	1.7	1.8	2.5					
Special rules for interest charge domestic international sales corporations .....	0.6	0.6	0.7	0.7	0.7					
Tonnage tax .....	0.1	0.1	0.1	0.1	0.1					
<b>General Science, Space, and Technology:</b>										
Credit for increasing research activities (Code section 41) .....	8.3	8.9	9.6	10.6	11.6	0.9	1.0	1.0	1.2	1.3
Therapeutic research credit .....	0.1					0.1				
Expensing of research and experimental expenditures .....	3.2	2.0	1.3	1.3	1.3	[2]	[2]	[2]	[2]	[2]
<b>Energy:</b>										
Credit for energy efficient improvements to existing homes .....						0.5	0.1			
Residential energy efficient property credit .....						1.7	1.8	1.9	1.7	1.5
Credits for alternative technology vehicles:										
Other alternative fuel vehicles .....	[2]	[2]	[2]	[2]	[2]					
Credit for plug in electric vehicles .....	0.4	0.6	0.7	0.8	0.8	0.4	0.6	0.8	0.9	0.9
Credits for electricity production from renewable resources (section 45) .....	4.3	4.8	5.0	5.0	4.9	0.2	0.3	0.3	0.3	0.3
Wind .....	4.0	4.5	4.7	4.7	4.6	0.2	0.2	0.2	0.2	0.2
Closed loop biomass .....										
Geothermal .....	0.1	0.1	0.1	0.2	0.2		[2]	[2]	[2]	[2]

[illegible]

TABLE 8.—TAX EXPENDITURE ESTIMATES BY BUDGET FUNCTION, FISCAL YEARS 2017–2021 [1]—Continued  
[Billions of dollars]

Function	Corporations					Individuals				
	2017	2018	2019	2020	2021	2017	2018	2019	2020	2021
<b>Natural Resources and Environment:</b>										
Expensing of timber growing costs .....	0.3	0.3	0.3	0.3	0.3	[2]	[2]	[2]	[2]	[2]
Special depreciation allowance for certain reuse and recycling property .....	[2]	[2]	[2]	[2]	[2]	[2]	[2]	[2]	[2]	[2]
Amortization and expensing of reforestation expenditures .....	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.2	0.2
Special rules for mining reclamation reserves .....	[2]	[2]	[2]	[2]	[2]	[2]	[2]	[2]	[2]	[2]
Special tax rate for nuclear decommissioning reserve funds .....	0.3	0.1	[2]	[2]	[2]	.....	.....	.....	.....	.....
Exclusion of earnings of certain environmental settlement funds .....	[2]	[2]	[2]	[2]	[2]	.....	.....	.....	.....	.....
Excess of percentage over cost depletion, nonfuel minerals .....	[2]	[2]	[2]	[2]	[2]	[2]	[2]	[2]	[2]	[2]
Expensing of exploration and development costs, nonfuel minerals .....	[2]	[2]	[2]	[2]	[2]	[2]	[2]	[2]	[2]	[2]
Treatment of income from exploration and mining of natural resources as qualifying income under the publicly traded partnership rules .....	.....	.....	.....	.....	.....	0.1	[2]	[2]	[2]	[2]
<b>Agriculture:</b>										
Exclusion of cancellation of indebtedness income of farmers .....	.....	.....	.....	.....	.....	0.1	0.1	0.1	0.1	0.1
Exclusion of cost sharing payments .....	[2]	[2]	[2]	[2]	[2]	[2]	[2]	[2]	[2]	[2]
Two year carryback period for net operating losses attributable to farming .....	[2]	[2]	[2]	[2]	[2]	0.1	[2]	[2]	0.1	0.1
Expensing of soil and water conservation expenditures .....	[2]	[2]	[2]	[2]	[2]	0.1	0.1	0.1	0.1	0.1
Expensing by farmers for fertilizer and soil conditioner costs .....	[2]	[2]	[2]	[2]	[2]	0.1	0.1	0.1	0.1	0.2
Cash accounting for agriculture .....	[2]	[2]	[2]	[2]	[2]	[2]	[2]	[2]	[2]	[2]
Income averaging for farmers and fishermen .....	.....	.....	.....	.....	.....	0.2	0.2	0.2	0.2	0.2
<b>Commerce and Housing Credit:</b>										
Reduced rates of tax on dividends and long-term capital gains .....	.....	.....	.....	.....	.....	130.7	128.7	127.0	129.3	133.1
Reduced rates on first \$10,000,000 of corporate taxable income .....	3.1	0.8	.....	.....	.....	.....	.....	.....	.....	.....
Credit for low-income housing .....	8.1	8.5	8.9	9.4	10.0	0.3	0.4	0.4	0.4	0.4
Credit for employer-paid FICA taxes on tips .....	0.5	0.5	0.6	0.6	0.6	0.8	0.9	0.9	0.9	1.0
Credit for rehabilitation of historic structures .....	0.7	0.7	0.6	0.4	0.4	0.2	0.2	0.1	0.1	0.1
Credit for rehabilitation of structures, other than historic structures .....	[2]	[2]	[2]	[2]	[2]	[2]	[2]	[2]	[2]	[2]
Net alternative minimum tax attributable to net operating loss limitation* .....	-0.4	-0.1	.....	.....	.....	.....	.....	.....	.....	.....
Exclusion of income attributable to the discharge of principal residence acquisition indebtedness .....	.....	.....	.....	.....	.....	2.4	0.6	.....	.....	.....
Exclusion of capital gains on sales of principal residences .....	.....	.....	.....	.....	.....	32.9	34.4	36.3	38.3	40.7
Exclusion of interest on State and local government qualified private activity bonds for rental housing .....	0.3	0.2	0.2	0.2	0.2	0.7	0.7	0.7	0.7	0.7



[illegible]

TABLE 8.—TAX EXPENDITURE ESTIMATES BY BUDGET FUNCTION, FISCAL YEARS 2017–2021 [1]—Continued

[illegible]

[illegible]

TABLE 8.—TAX EXPENDITURE ESTIMATES BY BUDGET FUNCTION, FISCAL YEARS 2017–2021 [1]—Continued  
[Billions of dollars]

Function	Corporations					Individuals				
	2017	2018	2019	2020	2021	2017	2018	2019	2020	2021
Deferral of taxation on spread on employee stock purchase plans*	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Exclusion of income earned by voluntary employees' beneficiary associations	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
<b>Social services:</b>										
Credit for child and dependent care and exclusion of employer-provided child care [4][9]	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Adoption credit and employee adoption benefits exclusion	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Credit for children and other dependents [4]	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Credit for disabled access expenditures	[2]	[2]	[2]	[2]	[2]	[2]	[2]	[2]	[2]	[2]
Credit for employer-provided dependent care	[2]	[2]	[2]	[2]	[2]	[2]	[2]	[2]	[2]	[2]
Exclusion of certain foster care payments	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Deduction for charitable contributions, other than for education and health [10]	2.0	2.0	2.1	2.1	2.2	42.9	40.8	31.3	31.9	32.9
<b>Health:</b>										
Credit for purchase of health insurance by certain displaced persons [4]	.....	.....	.....	.....	.....	[2]	[2]	[2]	[2]	.....
Subsidies for insurance purchased through health benefit exchanges [4]	.....	.....	.....	.....	.....	37.6	48.5	51.3	49.7	44.3
Credit for orphan drug research	1.7	1.2	1.2	1.4	1.7	[2]	[2]	[2]	[2]	[2]
Tax credit for small businesses purchasing employer insurance [4]	0.1	0.1	0.1	0.1	0.1	0.6	0.6	0.7	0.8	0.8
Exclusion of workers' compensation benefits (medical benefits)	.....	.....	.....	.....	.....	5.2	4.6	4.7	4.8	4.8
Exclusion of employer contributions for health care, health insurance premiums, and long-term care insurance premiums [11]	.....	.....	.....	.....	.....	150.6	157.2	172.8	182.5	191.0
Exclusion of medical care and TRICARE medical insurance for military dependents, retirees, and retiree dependents not enrolled in Medicare	.....	.....	.....	.....	.....	4.5	4.3	4.5	4.8	5.2
Exclusion of health insurance benefits for military retirees and retiree dependents enrolled in Medicare	.....	.....	.....	.....	.....	1.3	1.3	1.3	1.5	1.6
Exclusion of interest on State and local government qualified private activity bonds for private nonprofit hospital facilities	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Deduction for health insurance premiums and long-term care insurance premiums by the self-employed	0.6	0.5	0.5	0.5	0.5	1.8	1.6	1.7	1.7	1.8
Deduction for charitable contributions to health organizations	.....	.....	.....	.....	.....	5.9	5.1	4.9	5.3	5.5
Deduction for medical expenses and long-term care expenses	1.1	1.1	1.1	1.2	1.2	4.5	4.3	3.3	3.3	3.5
Health savings accounts	.....	.....	.....	.....	.....	13.8	10.5	8.4	8.9	9.9
<b>Income Security:</b>										
Credit for certain individuals for elective deferrals and IRA contributions	.....	.....	.....	.....	.....	1.4	1.2	1.1	1.1	1.1
Earned income credit [4]	.....	.....	.....	.....	.....	70.6	71.6	72.6	73.6	74.8

Phase out of the personal exemption for the regular income tax, and disallowance of the personal exemption and the standard deduction against the alternative minimum tax* ..																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																	
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**NOTE:** Details may not add to totals due to rounding. An <sup>“+”</sup> indicates a negative tax expenditure for the 2017–2021 period.

[1] Reflects legislation enacted by February 9, 2018. Significant changes in certain tax expenditures are the result of tax reform enacted in P.L. 115-97. [2] Positive tax expenditure of less than \$50 million.  
 [3] Estimate includes an outlay to State and local governments. For the purposes of this table outlays are attributed to individuals.  
 [2] Positive tax expenditure of less than \$50 million.  
 [4] Estimate includes refundability associated with the following outlay effects:

	Corporations					Individuals					Total	
	2017	2018	2019	2020	2021	2017	2018	2019	2020	2021	2017-21	
Credit for holders of clean renewable energy bonds .....	.....	.....	.....	.....	.....	.....	[2]	[2]	[2]	[2]	[2]	0.2
Credit for holders of qualified energy conservation bonds .....	.....	.....	.....	.....	.....	.....	[2]	[2]	[2]	[2]	[2]	0.2
Recovery zone economic development bonds .....	.....	.....	.....	.....	.....	.....	0.1	0.1	0.1	0.1	0.1	0.6
Credit for holders of qualified zone academy bonds .....	.....	.....	.....	.....	.....	.....	0.1	0.1	0.1	0.1	0.1	0.3
Credits for tuition for post-secondary education .....	.....	.....	.....	.....	.....	.....	6.4	6.6	6.7	6.8	6.8	33.4
Qualified school construction bonds .....	.....	.....	.....	.....	.....	.....	1.1	1.1	1.1	1.1	1.1	5.4
Credit for children and other dependents .....	.....	.....	.....	.....	.....	.....	31.3	44.1	48.5	48.3	48.7	221.1
Credit for child and dependent care and exclusion of employer-provided child care .....	.....	.....	.....	.....	.....	.....	0.8	0.8	0.8	0.8	0.8	4.1
Credit for purchase of health insurance by certain displaced persons .....	.....	.....	.....	.....	.....	.....	[2]	[2]	[2]	[2]	.....	0.1
Tax credit for small businesses purchasing employer insurance .....	0.1	0.1	0.1	0.1	0.1	.....	.....	.....	.....	.....	.....	0.3
Subsidies for insurance purchased through health benefit exchanges .....	.....	.....	.....	.....	.....	.....	33.1	43.0	45.1	43.6	38.9	203.7
Earned income credit .....	.....	.....	.....	.....	.....	.....	61.9	63.3	64.2	64.9	65.7	320.0
Build America bonds .....	.....	.....	.....	.....	.....	.....	3.2	3.2	3.2	3.2	3.2	16.0

[5] Estimate includes effect of credit for interest on certain home mortgages (Section 25). [6] Includes bonus depreciation and general acceleration under MACRS.  
 [7] Estimate includes amounts of employer-provided health insurance purchased through cafeteria plans and employer-provided child care purchased through dependent care flexible spending accounts. These amounts are also included in other line items in this table.  
 [8] Estimate does not include effects of changes made by the Emergency Economic Stabilization Act of 2008.  
 [9] Estimate includes employer-provided child care purchased through dependent care flexible spending accounts.  
 [10] In addition to the general charitable deduction, the tax expenditure accounts for the higher percentage limitation for public charities, the fair market value deduction for related-use tangible personal property, the enhanced deduction for inventory, the fair market value deduction for publicly traded stock and exceptions to the partial interest rules.  
 [11] Estimate includes employer-provided health insurance purchased through cafeteria plans and TRICARE medical insurance, which are also included in other line items on this table.  
 [12] Estimate does not include outlays due to Medicaid.

## ADDRESSING IMPROPER PAYMENTS

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It is no secret that waste and mismanagement are all too common throughout the government, at both the state and federal level. The extent of government-wide payment errors is higher than most think. These “improper payments” are defined as any government payment made in an incorrect amount (mostly overpayments) for the wrong reason or to the wrong individual or entity. According to the Government Accountability Office (GAO), these payments totaled \$141 billion in 2017, up from \$107 billion in 2012.<sup>1</sup> Worse, this figure likely understates the full extent of the problem; 18 government programs deemed susceptible to improper payments did not even submit error estimates in 2016, according to GAO. Thus, the estimated total may very well represent a floor rather than a ceiling.

GAO reports payment errors occur in 112 government programs across 22 agencies.<sup>2</sup> Nearly 75 percent of errors, however, are found within three large programs: Medicare, Medicaid, and the Earned Income Tax Credit (EITC).

Congress has passed legislation over the years to try to address the problem of improper payments. The Improper Payment Information Act (IPIA) was enacted in 2002, requiring agencies to report a formal estimate of improper payments throughout their programs and how those payments might be prevented.<sup>3</sup> Subsequently, however, the data showed annual payment error numbers continued to rise. In 2010, Congress expanded upon IPIA by passing the Improper Payments Elimination and Recovery Act (IPERA), which tried to make agency reviews of this problem more thorough and comprehensive.<sup>4</sup> For instance, IPERA sought to improve agency methodologies for estimating improper payments. It also required agencies to identify specific causes of improper payments, as well as actions they were taking to reduce and recover improper payments. The Inspector General of each agency is charged with reviewing the agency’s actions to determine compliance with IPERA requirements annually.

The results have not been encouraging. The Chief Financial Officers Act of 1990 was intended to improve financial management

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<sup>1</sup>Government Accountability Office, briefing to the House Budget Committee, March 29, 2017.

<sup>2</sup>House Comm. on Oversight and Government Reform, *The Improper Payments Elimination and Recovery Act: An Analysis of Five Years of Data*, staff report, October 2016, <https://oversight.house.gov/report/improper-payments-elimination-recovery-act-analysis-five-years-data/>.

<sup>3</sup>Improper Payments Information Act of 2002, Pub. L. No. 107–300, 116 Stat. 2350 (2002).

<sup>4</sup>Improper Payments Elimination and Recovery Act of 2010, Pub. L. No. 111–204, 124 Stat. 2224 (2010).

among 24 federal departments and agencies.<sup>5</sup> GAO has found that 15 of the 24 Chief Financial Officers Act agencies failed to comply with the criteria in IPERA in 2015. According to the House Oversight and Government Reform Committee, nine federal agencies have never complied with the requirements in IPERA.<sup>6</sup>

In December 2012, Congress passed the Improper Payments Elimination and Recovery Improvement Act (IPERIA),<sup>7</sup> which further built upon the structure established by previous legislation. IPERIA requires the Office of Management and Budget (OMB) to identify “high priority” government programs that are particularly susceptible to improper payments for greater oversight. Agencies with such programs must submit annual reports on the steps they are taking to prevent or recover improper payments.<sup>8</sup> This legislation also created the so-called “Do Not Pay” initiative, a centralized, data-matching service for agencies to use to help verify an individual’s program eligibility before a payment is made.<sup>9</sup> This web-based system comprises six databases, including the Social Security Death Master File and the Treasury’s Debt Check Database.<sup>10</sup> Although this was an important first step, experts agree that Do Not Pay should be expanded to include other data sources beyond those listed in the statute, such as the National Directory of New Hires.<sup>11</sup> This directory is a national database established in 1996 that contains comprehensive information on all newly hired employees. It would be useful in helping agencies verify program eligibility and correctly determine program benefits.

Despite these legislative efforts, tangible progress on reducing improper payments remains elusive. Many agencies seem to still follow a “pay-and-chase” model for addressing improper payments. The agencies focus on “getting the checks out the door,” only to determine after the fact that many were improper. This determination sparks a laborious and sometimes costly process to recoup such payments. GAO believes one key to curbing improper payments is to prevent them from being made in the first place. In GAO’s words: “[S]trong preventive controls can serve as the frontline defense against improper payments.”<sup>12</sup> One such control is “up-front eligibility validation through data sharing.”<sup>13</sup> Agencies need access to the broadest, most accurate databases available, and they need to systematically leverage this information to ensure their payments are accurate and going to the correct persons or entities. GAO has also provided agencies with numerous program-specific recommendations over the years for bolstering internal controls to reduce improper payments. Nevertheless, agencies are not obligated to act on these recommendations. GAO has made nearly 130

<sup>5</sup> Chief Financial Officers Act of 1990, Pub. L. No. 101–576, 104 Stat. 2838 (1990).

<sup>6</sup> House Comm. on Oversight and Government Reform, staff report.

<sup>7</sup> Improper Payments Elimination and Recovery Improvement Act of 2012, Pub. L. No. 112–248, 126 Stat. 2390 (2012).

<sup>8</sup> Garrett Hatch, *Improper Payments Legislation: Key Provisions, Implementation, and Selected Proposals in the 114th Congress*, Congressional Research Service, report no. R44702, December 7, 2016.

<sup>9</sup> Government Accountability Office, *Addressing Improper Payments and the Tax Gap Would Improve the Government’s Fiscal Position*, report no. GAO–16–92T, October 1, 2015.

<sup>10</sup> Hatch.

<sup>11</sup> House Comm. on Oversight and Government Reform, staff report.

<sup>12</sup> Government Accountability Office, GAO–16–92T, 28.

<sup>13</sup> Government Accountability Office, GAO–16–92T, 28.



recommendations over the past five years that the various agencies have not fully acted upon.

### **Reducing Improper Payments: ‘50 Percent within 5’**

As discussed above, the legislative initiatives in recent years have produced little progress in reducing improper payments; the majority of government agencies are not even in compliance with the requirements of current law. Similarly, GAO has produced a plethora of good, program-specific recommendations to promote more efficient financial management. However, many agencies have failed to institute them in their operations.

To make agencies become better stewards of taxpayer dollars, this budget resolution proposes the establishment of an independent commission by year end to find tangible solutions to reduce government-wide improper payments. This new commission would be charged with finding ways to tangibly reduce government-wide improper payments by 50 percent within the next five years. This timeframe recognizes that this problem is complex and there is not one silver-bullet solution that could be implemented overnight. Rather, the commission should methodically solicit input from experts within government, such as GAO, and the private sector to determine the best ways to tackle improper payments. In testimony last year before the House Budget Committee, OMB Director Mulvaney affirmed this level of improper payment reduction was attainable. Speaking about reducing government-wide improper payments, Director Mulvaney said it was “reasonable . . . to go as high as 40 or 50 percent in that. I think that’s a goal that you should shoot for.”<sup>14</sup>

No matter how useful the solutions, it will be incumbent upon the agencies to implement them. Additionally, the commission should be required to develop a tighter system of agency oversight to ensure agencies comply with commission recommendations and are achieving the reduction goal over time. This could include penalties and funding reductions for agencies that fail to meet the established target.

Reducing government-wide improper payments is no easy task. It will take innovative and comprehensive solutions and an incentive structure to make sure agencies act upon them. Nevertheless, even reducing improper payments by half would save the government, and taxpayers, hundreds of billions of dollars over the budget window.

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<sup>14</sup> *The President’s Fiscal Year 2018 Budget, before the House Comm. on the Budget*, 115th Cong. (2017) (statement of the Honorable Mick Mulvaney, Director, Office of Management and Budget).



# THE PRESIDENT'S BUDGET: A BRIEF SUMMARY

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## SUMMARY AND MAJOR COMPONENTS OF THE PRESIDENT'S FISCAL YEAR 2019 BUDGET REQUEST<sup>1</sup>

*Positive Fiscal Trajectory.* President Trump's budget does not balance within the 10-year period. In 2028, the deficit is lowered to \$363 billion, or 1.1 percent of gross domestic product (GDP). Debt held by the public is reduced from 78.8 percent of GDP this year to 72.6 percent of GDP by the end of the decade.

*Defense and Non-Defense Discretionary.* The President's budget calls for funding base defense discretionary spending at \$647 billion in fiscal year 2019, which is equivalent to the cap in the Bipartisan Budget Act of 2018. The request for non-defense discretionary spending is \$540 billion, which is \$57 billion below the \$597 billion cap set in the Bipartisan Budget Act of 2018.<sup>2</sup> Defense grows to \$790 billion in fiscal year 2028, while non-defense discretionary declines to \$370 billion that fiscal year. For the Global War on Terrorism (GWOT) ("overseas contingency operations" in the Administration's terms), the President's budget calls for a total of \$69 billion (all for defense) in fiscal year 2019. The request proposes to phase down GWOT to \$12 billion by fiscal year 2028.

*Mandatory Savings.* The Administration's request achieves a net of \$1.8 trillion in 10-year savings from mandatory spending proposals, including major program reforms summarized below.

*Major Program Reforms.* Key program reforms and their 10-year budget effects include the following:

- Assumes repeal and replace of Obamacare with a two-step process based on enactment of Graham-Cassidy<sup>3</sup> (savings of \$675 billion).
- Proposes structural reform to Medicaid, greater state flexibility, and an emphasis on rooting out waste, fraud, and abuse (savings of \$1.44 trillion).
- Responds to the opioid crisis by dedicating approximately \$20 billion over the next two fiscal years through targeted initiatives at the U.S. Department of Health and Human Services.
- Reforms the medical liability system (savings of \$52 billion).
- Proposes new strategies to address high drug prices by making changes to the payment structures of Medicare Parts B and D,

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<sup>1</sup>Office of Management and Budget, the White House, *Efficient, Effective, Accountable: An American Budget*, President's Fiscal Year 2019 Budget Request to Congress, February 2018, <https://www.whitehouse.gov/wp-content/uploads/2018/02/budget-fy2019.pdf>.

<sup>2</sup>Bipartisan Budget Act of 2018, Pub. L. No. 115-123, 132 Stat. 64 (2018).

<sup>3</sup>S. Amdt. 1030 to American Health Care Act of 2017, H.R. 1628, 115th Cong. (2017).

including adjusting true out-of-pocket (TrOOP) calculations to properly account for Part D rebates (savings of \$5 billion).

- Reforms the Medicare payment structure, consolidates the Graduate Medical Education (GME) programs, and adopts other reductions for programs with distortionary payment incentives (savings of \$266 billion).
- Addresses fraud and abuse in the Medicare program by improving: prescription drug reporting, payment accuracy, the provider enrollment process, and Medicare's authority to remove fraudulent and abusive providers from the program (savings of \$915 million).
- Reforms the welfare system (savings of \$263 billion).
- Reforms federal student loans (savings of \$203 billion).
- Reforms disability programs (savings of \$72 billion).
- Reforms entitlement benefits for federal employees (savings of \$152 billion).
- Limits Farm Bill subsidies and makes other agricultural reforms (savings of \$58 billion).
- Reduces improper payments government-wide (savings of \$151 billion).
- Provides \$200 billion in new federal transportation and infrastructure spending to spur a total of \$1.5 trillion-worth of public and private sector infrastructure investments.

*Revenues.* The President's budget, as part of its baseline, assumes that individual and estate tax provisions of the recently enacted Tax Cuts and Jobs Act are permanently extended rather than allowed to expire after tax year 2025, as scheduled under the new law. The Office of Management and Budget (OMB) estimates that this extension of expiring tax provisions assumption increases deficits by \$109 billion in fiscal year 2026, \$224 billion in fiscal year 2027, and \$236 billion in fiscal year 2028 for a total deficit increase of \$569 billion over 10 years.

*Economic Assumptions.* Over the fiscal year 2019-2028 period, the Trump Administration projects real GDP growth to average 3.0 percent annually, based mainly on the recently-enacted tax reform plan as well as the President's proposed regulatory reforms and infrastructure spending plan. That is consistent with the long-term historical growth rate of the U.S., which averages slightly above 3.0 percent per year. By comparison, the Congressional Budget Office's (CBO) last economic forecast from April projected annual average GDP growth of just 1.8 percent. The Administration projects real GDP to rise, on a year-over-year basis, by 3.0 percent in 2018, 3.2 percent in 2019 and 3.1 percent in 2020.

The Administration expects economic growth to remain at 3.0 percent for much of the medium-term years before ratcheting back to 2.8 percent growth by the end of the budget window. CBO's economic forecast from April ended the budget window with real GDP growth at just 1.8 percent. Other economic assumptions in the Administration's budget include:

- The unemployment rate declines to 3.9 percent in 2018 and reaches a low of 3.7 percent in 2019. Subsequently, the unemployment rate rises back up to 4.8 percent by the end of the budget window.

- Inflation, as measured by the consumer price index (CPI), remains moderate over the budget window. Growth in the CPI falls from 2.1 percent in 2018 to 2.0 percent in 2019. Thereafter, the rate of inflation rises slightly to 2.3 percent for the rest of the 10-year period.
- Interest rates on 10-year Treasury notes increase from 2.6 percent in 2018 to 3.7 percent in the medium-term years, before ticking back down to 3.6 percent in the later years of the budget window.

*Macroeconomic Feedback.* The President's budget assumes \$813 billion in deficit reduction over 10 years from the boost to economic growth resulting from the recently-enacted tax cuts and the Administration's proposals on regulatory reform and infrastructure spending.

*Interest Savings.* The budget assumes \$319 billion in savings on net interest over 10 years.

TABLE 9.—SUMMARY OF FISCAL YEAR 2019 BUDGET RESOLUTION

[As a percentage of GDP]

	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	Average 2019–2028
Deficit(+)/Surplus(-):											
Committee Recommendation .....	+3.7%	+3.3%	+3.1%	+2.9%	+2.4%	+1.7%	+1.2%	+0.5%	-0.1%	-0.4%	+1.8%
CBO .....	+4.6%	+4.6%	+4.9%	+5.4%	+5.2%	+4.9%	+5.1%	+4.8%	+4.6%	+5.1%	+4.9%
President's Budget .....	+4.7%	+4.5%	+3.9%	+3.5%	+3.0%	+2.5%	+2.1%	+1.7%	+1.4%	+1.1%	+2.8%
Debt Held by the Public:											
Committee Recommendation .....	78.2%	78.4%	78.3%	78.0%	76.9%	75.2%	72.9%	70.3%	67.3%	64.0%	n.a
CBO .....	79.3%	80.9%	83.0%	85.6%	87.8%	89.6%	91.5%	93.1%	94.5%	96.2%	n.a
President's Budget .....	80.3%	81.3%	81.7%	81.9%	81.3%	79.9%	78.4%	76.6%	74.6%	72.6%	n.a
Outlays:											
Committee Recommendation .....	20.3%	20.0%	19.8%	19.8%	19.5%	19.1%	18.7%	18.5%	18.2%	17.9%	19.2%
CBO .....	21.1%	21.3%	21.6%	22.3%	22.4%	22.2%	22.6%	22.9%	23.1%	23.7%	22.3%
President's Budget .....	21.0%	20.8%	20.5%	20.3%	20.2%	19.9%	19.6%	19.4%	19.2%	19.0%	20.0%
Revenues:											
Committee Recommendation .....	16.5%	16.6%	16.5%	16.6%	16.7%	16.7%	16.7%	17.1%	17.3%	17.2%	16.8%
CBO .....	16.5%	16.7%	16.7%	16.9%	17.2%	17.4%	17.5%	18.1%	18.5%	18.5%	17.4%
President's Budget .....	16.3%	16.4%	16.5%	16.8%	17.1%	17.4%	17.5%	17.6%	17.7%	17.8%	17.1%

TABLE 10.—FISCAL YEAR 2019 BUDGET RESOLUTION VS. THE PRESIDENT'S BUDGET  
[In millions of dollars]

FISCAL YEAR 2019 BUDGET RESOLUTION										
	2019	2020	2021	2022	2023	2024	2025	2026	2027	2019–2028
Total Spending:										
BA .....	4,397,738	4,471,914	4,614,675	4,793,311	4,983,642	5,134,363	5,260,959	5,448,523	5,629,406	5,760,730
OT .....	4,292,575	4,435,607	4,590,374	4,790,658	4,955,040	5,087,746	5,224,407	5,418,108	5,593,121	5,757,798
On-Budget:										
BA .....	3,478,974	3,488,774	3,563,231	3,669,991	3,783,347	3,856,688	3,899,811	4,005,410	4,094,293	4,125,676
OT .....	3,379,438	3,458,307	3,545,070	3,673,780	3,761,485	3,817,215	3,870,702	3,982,738	4,066,253	4,131,191
Off-Budget:										
BA .....	918,764	983,140	1,051,444	1,123,320	1,200,296	1,277,674	1,361,149	1,443,113	1,535,113	1,635,054
OT .....	913,137	977,301	1,045,304	1,116,878	1,193,555	1,270,531	1,353,706	1,435,370	1,526,868	1,626,607
Revenues:										
Total .....	3,489,690	3,677,652	3,826,597	4,012,070	4,227,744	4,444,106	4,662,760	5,001,622	5,299,271	5,520,231
On-Budget .....	2,590,496	2,736,347	2,845,396	2,990,130	3,164,364	3,338,062	3,513,201	3,807,248	4,058,110	4,229,859
Off-Budget .....	899,194	941,305	981,201	1,021,940	1,063,380	1,106,044	1,149,559	1,194,374	1,241,161	1,290,372
Surplus/Deficit(–):										
Total .....	–792,885	–737,955	–713,777	–698,588	–597,296	–463,640	–331,647	–146,486	26,150	142,433
Macroeconomic Fiscal Impact										
On-Budget .....	10,000	20,000	50,000	80,000	130,000	180,000	230,000	270,000	320,000	380,000
Off-Budget .....	–788,942	–721,960	–699,674	–683,650	–597,121	–479,153	–357,501	–175,490	–8,143	98,668
Debt Held by the Public (end of year)	15,688,177	17,363,858	18,125,630	18,869,457	19,512,838	20,026,824	20,412,479	20,614,633	20,645,322	20,560,545
Debt Subject to Limit (end of year)	22,356,469	23,216,315	24,010,615	24,735,181	25,350,001	25,832,181	26,124,404	26,275,988	26,109,909	25,750,525

PRESIDENT'S FY2019 BUDGET AS SUBMITTED												
Total Spending:												
BA	4,571,219	4,577,602	4,753,250	4,955,566	5,203,588	5,385,021	5,578,252	5,813,695	6,033,414	6,246,217	24,061,225	53,117,824
OT	4,406,696	4,595,882	4,754,116	4,940,801	5,160,205	5,347,590	5,525,506	5,748,498	5,955,292	6,180,896	23,857,700	52,615,482
On-Budget:												
BA	3,651,453	3,598,951	3,712,088	3,845,597	4,021,984	4,127,302	4,242,803	4,404,459	4,543,690	4,667,522	18,830,073	40,815,849
OT	3,494,104	3,623,395	3,718,725	3,837,582	3,985,470	4,096,927	4,197,082	4,345,643	4,472,561	4,609,451	18,659,276	40,380,940
Off-Budget:												
BA	919,766	978,651	1,041,162	1,109,969	1,181,604	1,257,719	1,335,449	1,409,236	1,489,724	1,578,695	5,231,152	12,301,975
OT	912,592	972,487	1,035,391	1,103,219	1,174,735	1,250,663	1,328,424	1,402,855	1,482,731	1,571,445	5,198,424	12,234,542
Revenues:												

TABLE 10.—FISCAL YEAR 2019 BUDGET RESOLUTION VS. THE PRESIDENT'S BUDGET—Continued  
[In millions of dollars]

	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2019-2023	2019-2028
<b>Total</b> .....	3,422,301	3,608,933	3,838,197	4,088,682	4,386,112	4,675,469	4,946,304	5,231,122	5,505,604	5,817,523	19,344,225	45,520,247
On-Budget .....	2,517,119	2,667,564	2,843,773	3,039,832	3,283,554	3,511,386	3,720,242	3,935,346	4,144,666	4,375,785	14,351,842	34,039,267
Off-Budget .....	905,182	941,369	994,424	1,048,850	1,102,558	1,164,083	1,226,062	1,295,776	1,360,938	1,441,738	4,992,383	11,480,980
<b>Surplus/Deficit(-):</b>												
Total .....	-984,395	-986,949	-915,919	-852,119	-774,093	-672,121	-579,202	-517,376	-449,688	-363,373	-4,513,475	-7,095,235
On-Budget .....	-976,985	-955,831	-874,952	-797,750	-701,916	-585,541	-476,840	-410,297	-327,895	-233,666	-4,307,434	-6,341,673
Off-Budget .....	-7,410	-31,118	-40,967	-54,369	-72,177	-86,580	-102,362	-107,079	-121,793	-129,707	-206,041	-753,562
Debt Held by the Public (end of year) .....	16,871,686	17,946,769	18,950,464	19,946,264	20,808,624	21,495,297	22,136,999	22,703,266	23,193,983	23,683,606	n.a	n.a
Debt Subject to Limit (end of year) .....	22,709,436	23,910,316	25,031,614	26,094,376	27,047,571	27,855,876	28,554,999	29,175,337	29,613,244	29,966,293	n.a	n.a
<b>DIFFERENCE</b>												
<b>Total Spending:</b>												
BA .....	-173,481	-105,688	-138,575	-162,255	-219,946	-250,659	-317,293	-365,172	-404,008	-485,487	-799,945	-2,622,563
OT .....	-114,121	-160,275	-163,742	-150,143	-205,165	-259,844	-301,099	-330,390	-362,171	-423,098	-793,445	-2,470,047
<b>On-Budget:</b>												
BA .....	-172,479	-110,177	-148,857	-175,606	-238,637	-270,614	-342,992	-399,049	-449,397	-541,846	-845,756	-2,849,655
OT .....	-114,666	-165,088	-173,655	-163,802	-223,984	-279,712	-326,380	-362,905	-406,308	-478,260	-841,196	-2,694,762
<b>Off-Budget:</b>												
BA .....	-1,002	4,489	10,282	13,351	18,692	19,955	25,700	33,877	45,389	56,359	45,812	227,092
OT .....	545	4,814	9,913	13,659	18,820	19,868	25,282	32,515	44,137	55,162	47,751	224,715
<b>Revenues:</b>												
Total .....	67,389	68,719	-11,600	-76,612	-158,368	-231,363	-283,544	-229,500	-206,333	-297,292	-110,472	-1,358,504
On-Budget .....	73,377	68,783	1,623	-49,702	-119,190	-173,324	-207,041	-128,098	-86,556	-145,926	-25,109	-766,054
Off-Budget .....	-5,988	-64	-13,223	-26,910	-39,178	-58,039	-76,503	-101,402	-119,777	-151,366	-85,363	-592,450
<b>Surplus/Deficit(-):</b>												
Total .....	191,510	248,994	202,142	153,531	176,797	208,481	247,555	370,890	475,838	505,806	972,973	2,781,543
Macroeconomic Fiscal Impact .....	10,000	20,000	50,000	80,000	130,000	180,000	230,000	270,000	320,000	380,000	290,000	1,670,000
On-Budget .....	188,043	233,871	175,278	114,100	104,794	106,388	119,339	234,807	319,752	332,335	816,087	1,928,708
Off-Budget .....	-6,533	-4,878	-23,136	-40,569	-57,998	-77,907	-101,785	-133,917	-163,914	-206,528	-133,114	-817,165
Debt Held by the Public (end of year) .....	-303,509	-582,911	-824,834	-1,076,808	-1,295,786	-1,468,473	-1,724,519	-2,088,633	-2,548,661	-3,123,061	n.a	n.a
Debt Subject to Limit (end of year) .....	-352,967	-694,001	-1,020,999	-1,359,195	-1,697,570	-2,023,695	-2,430,595	-2,899,350	-3,503,335	-4,215,768	n.a	n.a



## SECTION-BY-SECTION DESCRIPTION

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The concurrent resolution on the budget for fiscal year 2019 establishes an overall budgetary framework. As required under the Congressional Budget Act of 1974 (the Budget Act), this framework includes aggregate levels of new budget authority, outlays, revenues, the amount by which revenues should be changed, the surplus or deficit, new budget authority and outlays for each major functional category, debt held by the public, and debt subject to the statutory limit. This resolution also sets appropriate budgetary levels for fiscal years 2020 through 2028.

This resolution provides reconciliation instructions to 11 authorizing committees to achieve specified amounts of deficit reduction. It is envisioned that the reconciliation process will be used to reduce the deficit by \$302 billion over 10 years. It includes rule-making provisions necessary to enforce the budget resolution, procedures for adjusting the budget resolution, provisions to accommodate legislation not assumed in the budget resolution, and certain policy assumptions underlying the budget resolution.

### *Section 1. Concurrent Resolution on the Budget for Fiscal Year 2019.*

Subsection (a) establishes the budgetary levels for fiscal year 2019 and each of the nine ensuing fiscal years, 2020 through 2028. Section 301(a) of the Budget Act stipulates that the budget resolution establish budgetary levels for the fiscal year for which such resolution is adopted and for at least each of the four ensuing fiscal years.

The report also provides an allocation of discretionary budget authority and outlays, as required under section 302(a) of the Budget Act, to the Committee on Appropriations. The Committee on Appropriations, in turn, suballocates this allocation among its 12 subcommittees, known as the 302(b) suballocations. These 302(b) suballocations serve as limits on the amount that can be appropriated for various programs, projects, and activities within the jurisdiction of each subcommittee.

This report also provides allocations of mandatory spending (also referred to as direct spending) to each of the authorizing committees with jurisdiction over entitlements and other forms of mandatory spending. In addition to an allocation for fiscal year 2019, the authorizing committees receive a spending allocation over the 10-fiscal-year period. Under section 302(f) of the Budget Act, authorizing committees may not spend more than the allocation for the budget year or over the 10-fiscal-year period.

Subsection (b) sets out the table of contents of the resolution.

## TITLE I—RECOMMENDED LEVELS AND AMOUNTS

### *Section 101. Recommended Levels and Amounts.*

Section 101, as required by section 301 of the Budget Act, establishes the recommended levels for revenue, the amount by which revenue should be changed, total new budget authority, total budget outlays, surpluses or deficits, debt subject to the statutory limit (the budget resolution does not change the actual debt limit), and debt held by the public.

While the revenue level operates as a floor against which all revenue legislation is measured, the recommended levels of new budget authority and budget outlays serve as a ceiling for spending legislation. The surplus or deficit levels include only on-budget outlays and revenue and do not include most outlays and receipts related to the Social Security program and United States Postal Service (both of these accounts are statutorily off-budget).

Debt subject to the statutory limit generally refers to gross Federal debt issued by the Treasury Department to the public or another government fund or account. Debt held by the public is the amount of debt issued and held by entities or individuals other than the U.S. Government.

### *Section 102. Major Functional Categories.*

Section 102, as required by section 301(a) of the Budget Act, establishes the budgetary levels for each major functional category for fiscal year 2019 and establishes these levels for each of fiscal years 2020 through 2028.

These major functional categories are the following:

- 050 National Defense
- 150 International Affairs
- 250 General Science, Space, and Technology
- 270 Energy
- 300 Natural Resources and Environment
- 350 Agriculture
- 370 Commerce and Housing Credit
- 400 Transportation
- 450 Community and Regional Development
- 500 Education, Training, Employment, and Social Services
- 550 Health
- 570 Medicare
- 600 Income Security
- 650 Social Security
- 700 Veterans Benefits and Services
- 750 Administration of Justice
- 800 General Government
- 900 Net Interest
- 920 Allowances
- 930 Government-Wide Savings
- 950 Undistributed Offsetting Receipts
- 970 Overseas Contingency Operations/Global War on Terrorism

## TITLE II—RECONCILIATION AND RELATED MATTERS

### *Section 201. Reconciliation in the House of Representatives.*

Section 201 sets forth reconciliation instructions to 11 authorizing committees in the House of Representatives. These instructions are optional under section 301(b) of the Budget Act.

Subsection (a) specifies a deadline of September 14, 2018, for the instructed authorizing committees to submit reconciliation legislation to the Committee on the Budget.

Subsection (b) sets forth reconciliation instructions to 11 authorizing committees, pursuant to section 310 of the Budget Act, to achieve specified amounts of net deficit reduction. The instructed committees have jurisdiction over direct spending or mandatory programs for which savings are assumed in the budget resolution. The instructed committees and the amount of reconciled savings are as follows:

Committee on Agriculture	\$1,000,000,000
Committee on Armed Services	\$1,000,000,000
Committee on Education and the Workforce	\$20,000,000,000
Committee on Energy and Commerce	\$20,000,000,000
Committee on Financial Services	\$24,000,000,000
Committee on Homeland Security	\$3,000,000,000
Committee on the Judiciary	. \$45,000,000,000
Committee on Natural Resources	. \$5,000,000,000
Committee on Oversight and Government Reform	\$32,000,000,000
Committee on Veterans' Affairs	\$1,000,000,000
Committee on Ways and Means	\$150,000,000,000

This budget resolution follows the convention of not reconciling Senate committees and assumes that the instructions to Senate authorizing committees will also be incorporated in any final budget agreement.

The reconciled amounts act as a floor, not a ceiling, on the required savings for each committee. The targets are for the total of the 10-fiscal-year period of fiscal years 2019 through 2028.

A central tenet of the reconciliation process is that the authorizing committees determine their own policies as long as they meet their reconciliation target. As such, the reconciled amounts may be based on policy assumptions in the budget resolution, but the authorizing committees can meet them with any combination of policies within their jurisdiction that achieve the required level of deficit reduction.

All reconciled committees are required to markup legislation that meets its reconciliation target and submit legislation to the Committee on the Budget.

Other than submitting their legislation to the Committee on the Budget, the authorizing committees are expected to follow regular order in complying with House and Committee rules related to markup procedures and reporting requirements.

The Committee on the Budget will then combine all of the submissions and report the combined bill to the House without substantive revision.

### **TITLE III—BUDGET ENFORCEMENT IN THE HOUSE OF REPRESENTATIVES**

#### *Section 301. Point of Order Against Increasing Long-Term Direct Spending.*

Subsection (a) establishes a point of order against the consideration of any measure other than an appropriation measure, or amendment thereto or conference report thereon, that increases net direct spending by \$5 billion over the long-term.

Subsection (b) requires the Congressional Budget Office (CBO), to the extent practicable, to prepare an estimate of whether a measure would cause a net increase in direct spending in excess of \$5 billion over the long-term. The applicable periods for this section are any of the four consecutive 10-fiscal year periods beginning with the first fiscal year that is 10 fiscal years after the current fiscal year.

Subsection (c) states that application of this section in the House shall not apply to any measure for which the Chair of the Committee on the Budget adjusts the allocations, aggregates, or other budgetary levels in this concurrent resolution. Subsection (d) affirms the authority of the Chair of the Committee on the Budget to determine the estimates that are used to enforce this section. As a practical matter, the Committee on the Budget uses the estimates provided by CBO.

#### *Section 302. Allocation for Overseas Contingency Operations/Global War on Terrorism.*

Subsection (a) provides the Committee on Appropriations with a separate allocation for the purposes of Overseas Contingency Operations (OCO)/Global War on Terrorism (GWOT) under section 302(a) of the Budget Act, which is included in the 302(a) allocation tables in this report. It exempts the OCO/GWOT allocation from certain display requirements that apply to the overall 302(a) allocation to the Committee on Appropriations.

Subsection (b) stipulates that this separate 302(a) allocation is the exclusive allocation for OCO/GWOT under section 302(b) of the Budget Act and permits the Committee on Appropriations to provide suballocations to its subcommittees as it does for its overall 302(a) allocation under section 302(b) of the Budget Act.

Subsection (c) stipulates that, for purposes of enforcing this separate allocation under section 302(f) of the Budget Act, the “first fiscal year” and the “total of fiscal years” refer to fiscal year 2019 only. It also effectively exempts the OCO/GWOT allocation from

the requirement that the Committee on Appropriations must sub-allocate this separate allocation among its relevant subcommittees.

Subsection (d) provides that only appropriations designated for OCO/GWOT under the statutory spending limits will be counted against the separate OCO/GWOT 302(a) allocation.

Subsection (e) ensures that the budget resolution levels are not inadvertently adjusted for any OCO/GWOT appropriations, because these appropriations are already accommodated in the separate 302(a) allocation for OCO/GWOT. It specifically provides that no adjustment will be made under section 314(a) of the Budget Act if an adjustment would be made under section 251(b)(2)(A)(ii) of the Balanced Budget and Emergency Deficit Control Act of 1985 (Deficit Control Act of 1985).

Subsection (f) authorizes the Chair of the Committee on the Budget to adjust the appropriate budgetary levels related to OCO/GWOT in this budget resolution or the Committee on Appropriations' 302(a) allocation set forth in this report as necessary.

*Section 303. Limitation on Changes in Certain Mandatory Programs.*

Section 303 reinforces the enforcement of the Committee on Appropriations' 302(a) and (b) allocations by limiting the amount Congress can use illusory savings to meet the overall limit on the discretionary spending.

Subsection (a) defines the term "change in mandatory programs" as a provision that: (1) would have been estimated as affecting direct spending or receipts under section 252 of the Deficit Control Act of 1985 (as in effect prior to September 30, 2002) if such provision were included in legislation other than appropriations acts; and (2) results in a net decrease in budget authority in the budget year but does not result in a net decrease in outlays over the period of the current year, budget year, and all fiscal years covered under the most recently agreed to budget resolution.

Subsection (b) establishes a point of order against any provision in a bill or joint resolution, or amendment thereto or conference report thereon, making appropriations for a full fiscal year that proposes a change in mandatory programs that, if enacted, would cause the absolute value of all such changes in mandatory programs enacted in relation to a full fiscal year to be more than the amount specified under this section. The amounts under this subsection are as follows:

Fiscal Year 2019: \$17,000,000,000

Fiscal Year 2020: \$15,000,000,000

Subsection (c) stipulates that, for purposes of this section, budgetary levels shall be determined on the basis of estimates provided by the Chair of the Committee on the Budget.

*Section 304. Limitation on Advance Appropriations.*

Section 304 establishes a limit on advance appropriations, defined as budget authority that first becomes effective in fiscal year 2020. Subsection (a) establishes a general rule that prohibits the consideration of any general appropriation bill or bill or joint resolution continuing appropriations, or amendment thereto or con-

ference report thereon, from making advance appropriations unless included on a list of exceptions in the report or joint statement of managers, as applicable, accompanying the budget resolution.

Subsection (b) provides exceptions to the general rule for two separate lists of accounts included in this report, one for miscellaneous accounts identified under the heading “Accounts Identified for Advance Appropriations” and one for veterans accounts under the heading “Veterans Accounts Identified for Advance Appropriations.”

Subsection (c) sets an overall limit on miscellaneous accounts of \$29,014,001,000 and a limit on veterans accounts of \$75,550,600,000 on allowable advance appropriations.

Subsection (d) defines an “advance appropriation” as any new discretionary budget authority provided in a general appropriation bill or bill or joint resolution continuing appropriations for fiscal year 2019, or any amendment thereto or conference report thereon, that first becomes available for the first fiscal year following fiscal year 2019.

#### *Section 305. Estimates of Debt Service Costs.*

Section 305 authorizes the Chair of the Committee on the Budget to direct the Congressional Budget Office (CBO) to include an estimate of debt service costs (if any) resulting from carrying out legislation in any estimate prepared pursuant to section 402 of the Budget Act. These estimates are advisory; they will not be used to determine whether a measure complies with the limits established in the budget resolution and other budget rules. This requirement is not intended to apply to authorizations of discretionary programs or to appropriation bills but is intended to apply to changes in the authorization level of appropriated entitlements.

The Chair intends to request such estimates for measures with a significant budgetary impact that would have a noticeable effect on debt service costs.

#### *Section 306. Fair-Value Credit Estimates.*

Subsection (a) directs CBO to include a supplemental fair-value estimate in its cost estimate for any legislation modifying or establishing a loan or loan guarantee program.

Subsection (b) requires CBO to include estimates of loan and loan guarantee programs on a fair-value and credit reform basis in its Budget and Economic Outlook to the extent practicable.

Subsection (c) permits the Chair of the Committee on the Budget to use the supplemental fair-value estimates provided pursuant to subsection (a) in determining whether legislation complies with the Budget Act and other budget rules.

#### *Section 307. Adjustments for Improved Control of Budgetary Resources.*

Section 307 is intended to provide an incentive to subject existing mandatory programs to annual appropriations. It would effectively hold the Committee on Appropriations harmless for any such conversion and prevent the applicable authorizing committee from using savings that could otherwise be used to offset other increases in mandatory spending.

Subsection (a) permits the Chair of the Committee on the Budget to adjust the budget resolution to accommodate legislation that subjects an existing mandatory program to annual appropriations. The Chair would increase the 302(a) allocation to the Committee on Appropriations by the amount of the new discretionary program and reduce the 302(a) allocation of the authorizing committee that reported the legislation. These adjustments would be made upon enactment of the legislation.

Subsection (b) authorizes the Chair to make the adjustments under subsection (a) and affirms the Chair's authority to determine the estimates used to execute this section.

*Section 308. Limitation on Transfers from the General Fund of the Treasury to the Highway Trust Fund.*

Section 308 stipulates that legislation that transfers funds from the general fund of the Treasury to the Highway Trust Fund will count as new budget authority and outlays for purposes of budget enforcement.

*Section 309. Prohibition on Use of Guarantee Fees as an Offset.*

Section 309 changes the scoring of certain fees imposed by government-sponsored enterprises from counting as budgetary savings for purposes of budget enforcement. The rule applies to both the Federal National Mortgage Association (Fannie Mae) and the Federal Home Loan Mortgage Corporation (Freddie Mac). Under the rule, a committee may not offset spending and revenue legislation in the same or separate legislation with fee increases or extensions of such increases.

*Section 310. Budgetary Treatment of Administrative Expenses.*

Subsection (a) provides that the administrative expenses of the Social Security Administration and the United States Postal Service are reflected in the allocation to the Committee on Appropriations even though both are technically off-budget. This language is necessary to ensure the Committee on Appropriations retains control over administrative expenses for these agencies through the annual appropriations process. This budgetary treatment of administrative expenses for these entities is based on the long-term practice of the House and Senate Committees on the Budget.

Subsection (b) requires administrative expenses to be included in the cost estimates for the relevant appropriation measure, which are used to determine if a measure exceeds the spending limits in the budget resolution.

*Section 311. Application and Effect of Changes in Allocations and Aggregates.*

Subsection (a) specifies the procedure for making adjustments to the levels established by the budget resolution under five reserve funds and other special procedures in this resolution. It provides that the adjustments apply while the legislation is under consideration and take effect upon enactment of the legislation. The Chair of the Committee on the Budget must submit any adjustments to the budget resolution for printing in the Congressional Record.

Subsection (b) clarifies that the adjusted levels in the budget are fully enforceable under the Budget Act and other budget rules.

Subsection (c) stipulates that the Chair of the Committee on the Budget is the ultimate arbiter of the cost estimates for legislation used to enforce the budget resolution and budget rules.

Subsection (d) clarifies that legislation for which an adjustment to the budget resolution is made, such as those in the reserve funds in Title IV, are not subject to the points of order set forth in clause 10 of rule XXI of the Rules of the House Representatives, commonly referred to as the House Cut-As-You-Go rule, or section 301 of this concurrent resolution.

Subsection (e) permits the Chair of the Committee on the Budget to adjust the appropriate levels in this concurrent resolution to accommodate the disposition of pending reconciliation legislation.

*Section 312. Adjustments to Reflect Changes in Concepts and Definitions.*

Section 312 authorizes the Chair of the Committee on the Budget to adjust the appropriate aggregates, allocations, and other budgetary levels of this resolution for any change in budgetary concepts and definitions in accordance with section 251(b)(1) of the Deficit Control Act of 1985.

*Section 313. Adjustment for Changes in the Baseline.*

Section 313 authorizes the Chair of the Committee on the Budget to adjust the budgetary levels in this concurrent resolution to reflect changes from CBO's update to its baseline for fiscal years 2019 to 2028.

*Section 314. Exercise of Rulemaking Powers.*

Section 314 affirms the adoption of this budget resolution is an exercise of the rulemaking power of the House and that the House has the constitutional right to change these rules.

## **TITLE IV—RESERVE FUNDS IN THE HOUSE OF REPRESENTATIVES**

Title IV establishes five reserve funds. Reserve funds are special procedures that provide the committee reporting specific legislation flexibility as to the timing and composition of offsets in a measure.

*Section 401. Deficit Neutral Reserve Fund for Investments in National Infrastructure.*

Section 401 permits the Chair of the Committee on the Budget to adjust the allocations, aggregates, and other appropriate levels in the budget resolution for legislation that invests in national infrastructure if such measure would not increase the deficit for the period of fiscal years 2019 through 2028.

*Section 402. Deficit Neutral Reserve Fund for Amendments to the Internal Revenue Code of 1986.*

Section 402 permits the Chair of the Committee on the Budget to adjust the allocations, aggregates, and other appropriate levels in the budget resolution for legislation that amends the Internal



Revenue Code of 1986 if such measure would not increase the deficit for the period of fiscal years 2019 through 2028.

*Section 403. Reserve Fund for Extending Pro-Growth Tax Policies.*

Section 403 permits the Chair of the Committee on the Budget to adjust the allocations, aggregates, and other appropriate levels in the budget resolution for legislation that extends the pro-growth tax policies of the Tax Cuts and Jobs Act (Public Law 115–97).

*Section 404. Reserve Fund for the Repeal or Replacement of President Obama’s Health Care Laws.*

Section 404 permits the Chair of the Committee on the Budget to adjust the allocations, aggregates, and other appropriate levels in the budget resolution for legislation that repeals or replaces any provision of the Patient Protection and Affordable Care Act (Public Law 111–148) or the health care-related provisions of the Health Care and Education Reconciliation Act of 2010 (Public Law 111–152). Adjustments may be made for bills, joint resolutions, conference reports, and amendments. The amount of the adjustment is equal to the amount the measure increases budget authority and outlays or reduces revenue. The measure need not be deficit neutral to qualify for an adjustment under this section.

*Section 405. Deficit Neutral Reserve Fund for the Clarification of Presumptions of Service Connection for Veterans Who Served Offshore of the Republic of Vietnam and Korea.*

Section 405 permits the Chair of the Committee on the Budget to adjust the allocations, aggregates, and other appropriate levels in the budget resolution for legislation that clarifies presumptions of service connection for veterans who served offshore of the Republic of Vietnam or Korea if such measure would not increase the deficit for the period of fiscal years 2019 through 2028.

## **TITLE V—POLICY STATEMENTS IN THE HOUSE OF REPRESENTATIVES**

*Section 501. Policy Statement on Unauthorized Appropriations.*

Subsection (a) sets out findings.

Subsection (b) states it is the policy of this concurrent resolution that the House should enact legislation establishing a schedule for reauthorizing all Federal programs on a staggered, five-year basis. Congress would be prohibited from funding programs above specified levels. These limits would be gradually reduced the longer a program remained unauthorized. The policy further states that this new rule would be strictly enforced unlike current rules relating to unauthorized appropriations.

*Section 502. Policy Statement on Improper Payments.*

Subsection (a) sets out findings.

Subsection (b) states it is the policy of this concurrent resolution that Congress should enact legislation aiming to reduce improper payments by half within the next five years and that an independent commission should be authorized to develop a more stringent system of agency oversight to achieve this goal.

*Section 503. Policy Statement on Expenditures from Agency Fees and Spending.*

Subsection (a) sets out findings.

Subsection (b) states it is the policy of this concurrent resolution that Congress should subject all fees paid by the public to Federal agencies to annual appropriations or authorizing legislation, with a share of these proceeds reserved for deficit reduction.

*Section 504. Policy Statement on Combating the Opioid Epidemic.*

Subsection (a) sets out findings.

Subsection (b) states it is the policy of this concurrent resolution that Congress should support, using available budgetary resources, essential activities, including rehabilitation, to reduce and prevent substance abuse.

*Section 505. Policy Statement on Medical Discovery, Development, Delivery, and Innovation.*

Subsection (a) sets out findings.

Subsection (b) states it is the policy of this concurrent resolution that the House should support the work of medical innovators through continued funding for the agencies that engage in life-saving research and development and unleash the power of innovation by removing obstacles that impede the adoption of medical technologies.

*Section 506. Policy Statement on Medicaid Work Requirements.*

Subsection (a) sets out findings.

Subsection (b) states it is the policy of this concurrent resolution that the House should pass legislation that: (1) encourages a work or service requirement for able-bodied, non-elderly, non-pregnant adults without dependents to receive Medicaid; and (2) gives States flexibility to determine the parameters of such a requirement and perform regular case checks. The Government Accountability Office or Department of Health and Human Services Inspector General should also conduct annual audits of State Medicaid programs.

*Section 507. Policy Statement on Medicare.*

Subsection (a) sets out findings.

Subsection (b) states it is the policy of this concurrent resolution to preserve Medicare for those in or near retirement and strengthen the program for future beneficiaries.

Subsection (c) sets forth the assumptions of this concurrent resolution for an improved Medicare program.

*Section 508. Policy Statement on Social Security.*

Subsection (a) sets out findings.

Subsection (b) states it is the policy of this concurrent resolution to ensure sustainable solvency of Social Security.

Subsection (c) states that it is the policy of this concurrent resolution to reform the Disability Insurance program and work to address its looming insolvency before it occurs in 2025.

Subsection (d) states that any legislation improving the solvency of the Disability Insurance Trust Fund must also improve the long-

term solvency of the combined Old Age and Survivors Disability Insurance Trust Funds.

*Section 509. Policy Statement on Higher Education and Workforce Development Opportunity.*

Subsection (a) sets out findings on higher education.

Subsection (b) states it is the policy of this concurrent resolution to promote affordability of higher education by targeting Federal financial aid, streamlining aid programs, and removing regulatory barriers.

Subsection (c) sets out findings on workforce development.

Subsection (d) states it is the policy of this concurrent resolution to improve workforce development by building upon the Workforce Innovation and Opportunity Act (Public Law 113–128) by streamlining job training programs and allowing States to tailor programs to their constituencies.

*Section 510. Policy Statement on the Judgment Fund.*

Subsection (a) sets out findings.

Subsection (b) states it is the policy of this concurrent resolution that Congress should enact legislation reclaiming its power of the purse over the Judgment Fund.



## THE CONGRESSIONAL BUDGET PROCESS

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The spending and revenue levels established in the budget resolution are implemented through two parallel but separate mechanisms: (1) allocations to the appropriations and authorizing committees and (2) when necessary, reconciliation instructions to authorizing committees to achieve a specified change in direct spending or revenue (see the section of this report titled: “Reconciliation”).

As required under Section 302(a) of the Congressional Budget and Impoundment Control Act of 1974 (Budget Act), the budget resolution’s discretionary spending levels are allocated to the Committee on Appropriations of each chamber of Congress and the direct spending levels in the budget resolution are allocated to each House and Senate authorizing committee.<sup>1</sup> These allocations are included in the report (or joint statement of managers for a conference report) accompanying the concurrent resolution on the budget. They are enforced through points of order (see the section of this report titled: “Enforcing Budgetary Levels”).

The Committee on Appropriations receives an allocation for the budget year only. For the authorizing committees, Section 302 of the Budget Act requires allocations of budget authority be provided in the report accompanying a budget resolution for the fiscal year for which it is adopted and at least the four ensuing fiscal years. This budget resolution provides allocations of budget authority and outlays for fiscal year 2019 and each of the nine ensuing fiscal years, 2020 through 2028.

### **Committee on Appropriations—302(a) and 302(b) Allocations**

*302(a) Allocation.* The Committee on Appropriations receives a lump sum of discretionary budget authority and corresponding outlays. It is usually included in the report accompanying a concurrent resolution on the budget, or joint statement of managers for a conference report, for the fiscal year for which the budget resolution is adopted. This allocation operates as a ceiling on the amount of discretionary budget authority that can be appropriated for that fiscal year. This budget resolution provides a 302(a) allocation to the Committee on Appropriations for fiscal year 2019, which commences on October 1, 2018.

*302(b) Allocations.* Once a 302(a) allocation is provided, the Committee on Appropriations is then required, in full committee, to di-

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<sup>1</sup>Congressional Budget and Impoundment Act of 1974, Pub. L. No. 93-344, 88 Stat. 297 (1974).

vide the allocation among its 12 subcommittees. The amount each subcommittee receives constitutes its suballocation under Section 302(b) of the Budget Act. Each subcommittee's regular appropriations bill is capped at the level of its 302(b) suballocation, and the bill is subject to a point of order if it exceeds this amount. Under Section 302(c) of the Budget Act, appropriations acts may not be considered on the floor of the House of Representatives before the 302(b) suballocations are made.

### Authorizing Committees—302(a) Allocations

The report accompanying the concurrent resolution on the budget, or the joint statement of managers for a conference report, allocates to each authorizing committee an amount of new budget authority along with the attendant outlays required to accommodate the direct spending within each authorizing committee's jurisdiction. If the budget resolution assumes increases in direct spending for new or expanded programs with no offsetting reductions in direct spending, authorizing committees may be allocated additional budget authority. Conversely, the allocation may reflect negative budget authority (relative to the projected current law baseline) if the budget resolution assumes the enactment of legislation reducing direct spending.

Because the spending authority for these direct spending programs is multi-year or permanent, the allocations to the authorizing committees cover both the budget year and the entire period of the budget resolution. This budget resolution provides allocations for authorizing committees for fiscal year 2019, commencing on October 1, 2018, and fiscal years 2020 through 2028.

Each authorizing committee is provided a single allocation of new budget authority reflective of the fiscal effects of expected policy action relative to current law. These committees are not required to file 302(b) suballocations. Bills first effective in fiscal year 2019 are measured against the level for that year included in the fiscal year 2019 budget resolution and also the 10-year period of fiscal years 2019 through 2028.

TABLE 11.—ALLOCATION OF SPENDING AUTHORITY TO HOUSE COMMITTEE ON APPROPRIATIONS  
[In millions of dollars]

	2019
Base Discretionary Action:	
BA .....	1,244,000
OT .....	1,297,140
Global War on Terrorism:	
BA .....	77,000
OT .....	38,862
Current Law Mandatory:	
BA .....	955,283
OT .....	949,351

TABLE 12.—RESOLUTION BY AUTHORIZING COMMITTEE  
[On-budget amounts in millions of dollars]

	2019	2019–2028
Agriculture:		
Current Law:		
BA .....	79,138	798,019
OT .....	75,363	789,258
Resolution Change:		
BA .....	–2,296	–212,328
OT .....	–1,881	–210,049
Total:		
BA .....	76,842	585,691
OT .....	73,482	579,209
Armed Services:		
Current Law:		
BA .....	168,445	1,726,658
OT .....	168,196	1,731,206
Resolution Change:		
BA .....	0	0
OT .....	0	0
Total:		
BA .....	168,445	1,726,658
OT .....	168,196	1,731,206
Financial Services:		
Current Law:		
BA .....	10,945	93,416
OT .....	1,309	–15,600
Resolution Change:		
BA .....	–9,948	–97,385
OT .....	–9,923	–97,212
Total:		
BA .....	997	–3,969
OT .....	–8,614	–112,812
Education & Workforce:		
Current Law:		
BA .....	5,533	101,151
OT .....	–1,272	60,439
Resolution Change:		
BA .....	–17,074	–372,332
OT .....	–7,601	–339,803
Total:		
BA .....	–11,541	–271,181
OT .....	–8,873	–279,364
Energy & Commerce:		
Current Law:		
BA .....	503,196	6,933,428
OT .....	491,423	6,843,460
Resolution Change:		
BA .....	–24,572	–1,580,037
OT .....	–55,163	–1,579,737
Total:		
BA .....	478,624	5,353,391
OT .....	436,260	5,263,723
Foreign Affairs:		
Current Law:		
BA .....	43,383	380,040
OT .....	36,211	362,848
Resolution Change:		
BA .....	0	0
OT .....	0	0

TABLE 12.—RESOLUTION BY AUTHORIZING COMMITTEE—Continued  
[On-budget amounts in millions of dollars]

	2019	2019–2028
Total:		
BA .....	43,383	380,040
OT .....	36,211	362,848
Oversight & Government Reform:		
Current Law:		
BA .....	123,611	1,424,908
OT .....	121,472	1,386,092
Resolution Change:		
BA .....	–11,600	–295,030
OT .....	–11,572	–294,715
Total:		
BA .....	112,011	1,129,878
OT .....	109,900	1,091,377
Homeland Security:		
Current Law:		
BA .....	2,325	26,861
OT .....	2,404	27,608
Resolution Change:		
BA .....	–450	–31,280
OT .....	–213	–30,699
Total:		
BA .....	1,875	–4,419
OT .....	2,191	–3,091
House Administration:		
Current Law:		
BA .....	23	170
OT .....	–4	–41
Resolution Change:		
BA .....	0	0
OT .....	0	0
Total:		
BA .....	23	170
OT .....	–4	–41
Natural Resources:		
Current Law:		
BA .....	7,149	68,932
OT .....	6,286	67,606
Resolution Change:		
BA .....	–5,312	–61,835
OT .....	–3,318	–60,424
Total:		
BA .....	1,837	7,097
OT .....	2,968	7,182
Judiciary:		
Current Law:		
BA .....	23,739	149,941
OT .....	16,123	160,588
Resolution Change:		
BA .....	–14,683	–57,439
OT .....	–1,972	–57,439
Total:		
BA .....	9,056	92,502
OT .....	14,151	103,149
Transportation & Infrastructure:		
Current Law:		
BA .....	77,689	731,235
OT .....	17,366	180,979
Resolution Change:		



TABLE 12.—RESOLUTION BY AUTHORIZING COMMITTEE—Continued  
[On-budget amounts in millions of dollars]

	2019	2019–2028
BA .....	–166	–125,926
OT .....	–112	–2,509
Total:		
BA .....	77,523	605,309
OT .....	17,254	178,470
Science, Space & Technology:		
Current Law:		
BA .....	143	1,427
OT .....	126	1,383
Resolution Change:		
BA .....	0	0
OT .....	0	0
Total:		
BA .....	143	1,427
OT .....	126	1,383
Small Business:		
Current Law:		
BA .....	0	0
OT .....	0	0
Resolution Change:		
BA .....	0	0
OT .....	0	0
Total:		
BA .....	0	0
OT .....	0	0
Veterans Affairs:		
Current Law:		
BA .....	3,986	153,542
OT .....	5,681	156,605
Resolution Change:		
BA .....	–462	–58,917
OT .....	–462	–58,917
Total:		
BA .....	3,524	94,625
OT .....	5,219	97,688
Ways & Means:		
Current Law:		
BA .....	1,192,661	16,896,406
OT .....	1,191,147	16,891,082
Resolution Change:		
BA .....	–41,591	–1,020,980
OT .....	–40,746	–1,019,702
Total:		
BA .....	1,151,070	15,875,426
OT .....	1,150,401	15,871,380



## RECONCILIATION

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Section 310 of the Congressional Budget Act of 1974 (Budget Act) sets out a special procedure for making changes in direct spending, revenue, or the debt limit.<sup>1</sup> Under the procedure, called reconciliation, a concurrent resolution on the budget may direct one or more authorizing committee to produce legislation making changes in any of these three categories to bring their levels into compliance with the resolution's assumptions. To be valid, reconciliation directives must be included in a concurrent resolution on the budget adopted by both the House and the Senate.

In general, reconciliation directives include the budgetary target to be met, the time period over which such budgetary change should be measured, and a deadline by which the authorizing committee(s) must report legislation. When more than one authorizing committee in the House receives reconciliation directives, each committee considers legislation to comply with these directives as it would any other bill. However, legislative text and other materials are submitted to the Committee on the Budget instead of being reported directly to the House. The Committee on the Budget then combines the submissions, without substantive revision, into a single measure and reports it to the House. If only one authorizing committee receives reconciliation directives, that committee reports its legislation directly to the House.

The Budget Committee's authority in this procedure is solely over the budgetary change each committee is to achieve. Nothing in the instructions predetermines, promotes, or assumes any specific policy change to be made under such instructions. The committees of jurisdiction determine what policies they develop to achieve their budgetary targets.

In the House, the Committee on Rules reports a special rule governing the consideration of a reconciliation bill. Typically, the rule allows for two or three hours of general debate equally divided between the Majority and the Minority. The Committee on the Budget determines whether an authorizing committee has complied with its reconciliation directives and relies solely on the Congressional Budget Office's estimates when determining compliance. Under Section 310 of the Budget Act, authorizing committees must comply with reconciliation directives. If an authorizing committee fails to comply with its directives, the Committee on Rules may make in order amendments that achieve the required budgetary changes pursuant to Section 311(d)(5) of the Budget Act.

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<sup>1</sup>Congressional Budget and Impoundment Act of 1974, Pub. L. No. 93-344, 88 Stat. 297 (1974).

A reconciliation bill is a privileged measure in the Senate. Distinct from most Senate bills, debate is limited to 20 hours and requires only a simple majority to pass (51 votes) rather than the 60 votes otherwise required for cloture.

In the Senate, the “Byrd Rule” (Section 313 of the Budget Act) limits the content of a reconciliation bill. Under the Byrd Rule, provisions that are considered “extraneous” can be stricken from the bill if a point of order is raised. The provision may remain, however, if 60 Senators vote to waive the Byrd Rule. If a point of order is raised and the rule is not waived, a provision found to violate the Byrd Rule is removed from the bill or conference report and the measure is sent back to the House. The House may then pass the amended bill or conference report, amend it and send it back to the Senate, or decline to consider it.

This Concurrent Resolution on the Budget for Fiscal Year 2019, as reported by the Committee on the Budget, provides for such reconciliation legislation. It instructs 11 authorizing committees to submit changes in law necessary to achieve a minimum of \$302 billion in net deficit reduction over the period of fiscal years 2019 through 2028. Each authorizing committee must submit legislative text and associated material to the Committee on the Budget no later than September 14, 2018.

The specific committees receiving instructions in this resolution, and their minimum required net savings amounts, are the following:

Authorizing Committee	Minimum Deficit Reduction 2019-2028
Committee on Agriculture .....	\$1 billion
Committee on Armed Services .....	\$1 billion
Committee on Education and the Workforce .....	\$20 billion
Committee on Energy and Commerce .....	\$20 billion
Committee on Financial Services .....	\$24 billion
Committee on Homeland Security .....	\$3 billion
Committee on the Judiciary .....	\$45 billion
Committee on Natural Resources .....	\$5 billion
Committee on Oversight and Government Reform .....	\$32 billion
Committee on Veterans' Affairs .....	\$1 billion
Committee on Ways and Means .....	\$150 billion

## ENFORCING BUDGETARY LEVELS

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The congressional budget process contains various mechanisms for enforcing the concurrent resolution on the budget. These include provisions of the budget resolution, the Congressional Budget and Impoundment Control Act of 1974 (Budget Act) (Public Law 93-344), and the Rules and Separate Orders of the House of Representatives.

### **The Concurrent Resolution on the Budget**

The concurrent resolution on the budget establishes overall limits on spending and revenue. The report accompanying the budget resolution (or the joint statement of managers for a conference report) contains allocations to congressional committees that are binding on Congress when it considers subsequent spending and tax legislation. Legislation that breaches the levels set forth in the budget resolution is subject to points of order on the floor of the House of Representatives. The concurrent resolution on the budget is established pursuant to the Budget Act, which includes various requirements concerning its content and enforcement. In addition to setting targets for spending, revenue, deficits and debt, the budget resolution may include special procedures to execute and enforce congressional budgetary decisions.

The levels established in the budget resolution are not self-enforcing. Members of the House must raise points of order against legislation that breaches the allocations and aggregate spending levels established in the budget resolution. If a point of order is sustained, the House is precluded from further consideration of the measure.

### **Provisions of the Congressional Budget Act**

*Section 302(f).* Section 302(f) of the Budget Act prohibits the consideration of legislation that exceeds a committee's allocation of budget authority. For authorizing committees, this section applies to the first fiscal year and the period of fiscal years covered by the budget resolution in force. For appropriations bills, however, it applies only to the first fiscal year.

*Section 303.* Section 303 prohibits the consideration of spending and revenue legislation before the House has passed a concurrent resolution on the budget for a particular fiscal year. Legislation that changes revenue or increases budget authority in the fiscal year for which a budget resolution has not been agreed to violates Section 303(a). Section 303(a) does not apply to budget authority and revenue provisions first effective in a year following the first

fiscal year to which a budget resolution would apply or to appropriations bills after May 15.

*Section 311.* Section 311 prohibits the consideration of legislation that would exceed the overall limits on budget authority and outlays or cause revenue levels to fall below the revenue floor established by the budget resolution. If legislation would cause the aggregate spending levels of budget authority or outlays to exceed the ceiling established for the first fiscal year of a budget resolution, then the legislation violates Section 311. Legislation also violates Section 311 if it would cause revenue to be lower than the revenue floor in the first fiscal year or the period of fiscal years covered by the most recently agreed to budget resolution. Section 311 does not apply to measures that provide budget authority but do not exceed a committee's 302(a) allocation.

*Section 314(f).* Section 314(f) prohibits the consideration of any bill, joint resolution, amendment, or conference report that would cause the statutory spending category limits established in Section 251(c) of the Balanced Budget and Emergency Deficit Control Act of 1985 (Public Law 99-177) (as adjusted by procedures set out in Section 251A of that Act) to be exceeded.

### **Budget-Related Provisions Under House Rules**

*Rule XIII, Clause 8.* Rule XIII, Clause 8 requires the Congressional Budget Office and Joint Committee on Taxation to incorporate the macroeconomic effects of major legislation into official cost estimates used for budget enforcement and other rules of the House.

*Rule XXI, Clause 7.* Rule XXI, Clause 7 prohibits the consideration of a concurrent resolution on the budget containing reconciliation directives (pursuant to Section 310 of the Budget Act) that would cause a net increase in direct spending.

*Rule XXI, Clause 10.* Rule XXI, Clause 10 prohibits the consideration of legislation that increases direct spending over the applicable six-year period or 11-year period. If such spending is increased in either of these periods, then it must be offset by corresponding reductions in direct spending. If an amendment offered to a measure increases direct spending in either of these periods, then the amendment must also reduce net direct spending by at least the same amount. This rule is commonly referred to as Cut-As-You-Go.

*Rule XXIX, Clause 4.* Rule XXIX, Clause 4 specifies that the Chairman of the Committee on the Budget is responsible for providing authoritative guidance concerning the impact of a legislative proposition related to the levels of new budget authority, outlays, direct spending, and new entitlement authority.

*Section 3 of the Separate Orders of House Resolution 5 of the 115th Congress.* House Resolution 5 adopted the rules from the 114th Congress as the Rules of the House of Representatives for the 115th Congress and incorporated additional provisions related to the budget process.

Section 3(e) maintains the requirement, from the 112th, 113th, and 114th Congresses, that each general appropriations bill include a "spending reduction account." This account provides a recitation of the amount by which, through the amendment process, the House has reduced spending in other portions of the bill and indi-

cates that those savings be counted toward spending reduction. It also provides that any amendment increasing spending relative to the underlying bill must include an offset of an equal or greater amount.

Section 3(h) requires that the Congressional Budget Office, to the extent practicable, prepare an estimate of whether a measure would cause a net increase in direct spending in excess of \$5 billion in any of the four consecutive 10-fiscal-year periods beginning with the first fiscal year occurring 10 fiscal years after the current fiscal year. It also establishes a point of order against consideration of any bill or joint resolution reported by a committee, or any amendment or conference report, that causes a net increase in direct spending in excess of \$5 billion in any of the four consecutive 10-fiscal-year periods described above. For purposes of Section 3(h), the levels of any net increase in direct spending shall be determined on the basis of estimates provided by the Chairman of the Committee on the Budget. This point of order does not apply to any bill or joint resolution, or any amendment or conference report, that repeals the Patient Protection and Affordable Care Act and Title I and Subtitle B of Title II of the Health Care and Education Affordability Reconciliation Act of 2010; reforms the Patient Protection and Affordable Care Act and the Health Care and Education Affordability Reconciliation Act of 2010; or for which the Chairman of the Committee on the Budget adjusts the allocations, levels, or limits contained in the most recently adopted concurrent resolution on the budget.

Section 3(o) prohibits the consideration of any legislation that reduces the actuarial balance of the Federal Old-Age and Survivors Insurance Trust Fund unless such legislation improves the overall financial health of the combined Social Security Trust Funds.





## **STATUTORY CONTROLS OVER THE BUDGET**

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Since 1985, numerous statutory budget controls have been superimposed over the congressional budget process through the enactment of, and subsequent amendments to, the Balanced Budget and Emergency Deficit Control Act of 1985 (Deficit Control Act) (Public Law 99–177). This law has been amended several times and generally serves as the primary vehicle for statutory controls over the budget.

### **The Balanced Budget and Emergency Deficit Control Act of 1985**

The Deficit Control Act initially was intended to reduce deficits by establishing annual maximum deficit limits. These limits were enforced through sequestration, which entailed automatic spending reductions in non-exempt discretionary programs and a relatively small number of direct spending programs. If the deficit targets were exceeded, a presidential sequestration order would be triggered within 15 days after the end of a session of Congress. The sequestration process remained in force for laws enacted through the end of fiscal year 2002.

### **The Budget Enforcement Act of 1990**

The Budget Enforcement Act of 1990 (BEA 1990) (Public Law 101–508) effectively replaced the maximum deficit limits originally established by the Deficit Control Act with annual limits on discretionary spending and controls over increases in the deficit. The deficit increases were calculated by adding together, for each fiscal year, increases in direct spending and reductions in revenues, and the controlling mechanism was termed pay-as-you-go.

For discretionary appropriations, BEA 1990 established limits for three separate categories of spending: defense, international affairs, and domestic. These spending limits applied through fiscal year 1993, and then were combined into a single limit on all appropriations for fiscal years 1994 and 1995.

Under pay-as-you-go requirements, a sequester would be triggered if the cumulative effect of all newly enacted direct spending or revenue laws increased the deficit. As with the maximum deficit amounts before it, most spending defined as mandatory was exempt from any reductions. Other spending programs had limitations on the reductions. For example, spending reductions in the Medicare Program, under pay-as-you-go, were limited to 4 percent

of the program costs. (The Budget Control Act of 2011, discussed below, changed this limit to 2 percent for most Medicare costs.)

### **The Omnibus Budget Reconciliation Act of 1993**

The Omnibus Budget Reconciliation Act of 1993 (OBRA 1993) (Public Law 103–66) extended a single limit on discretionary spending through fiscal year 1998. Any breach of the limit would cause a sequestration (again, an across-the-board cut in all non-exempt discretionary programs). Programs under these spending limits were held harmless for changes in inflation, emergencies, estimating differences between the Office of Management and Budget (OMB) and the Congressional Budget Office (CBO), and changes in concepts and definitions. OBRA 1993 also extended the pay-as-you-go enforcement procedures for legislation enacted through fiscal year 1998.

### **The Balanced Budget Act of 1997**

As amended by OBRA 1993, the statutory limits on discretionary spending would have expired at the end of fiscal year 1998. The Balanced Budget Act of 1997 (BBA 1997) (Public Law 105–33) modified these limits for fiscal year 1998 and extended them through fiscal year 2002. Similarly, the pay-as-you-go requirements were extended for legislation enacted through the end of fiscal year 2002. Although sequestration remained in effect through fiscal year 2002, it was turned off by Public Law 107–312, a bill “to reduce preexisting PAYGO balances,” enacted December 2, 2002.

BBA 1997 also made numerous technical changes in both the congressional budget process and sequestration procedures that enforce the discretionary spending limits and pay-as-you-go requirements. BBA 1997 established separate limits on defense and non-defense discretionary spending for fiscal years 1998 and 1999. These limits were combined into a single limit on discretionary spending in fiscal years 2000, 2001, and 2002. The separate discretionary spending limits were designed to prevent Congress and the President from shifting resources from one category to another.

BBA 1997 repealed automatic adjustments in the spending limits for changes in inflation and estimating differences between OMB and CBO on budget outlays. It retained adjustments for emergencies, estimating differences in budget authority, and continuing disability reviews; it added adjustments for the International Monetary Fund, international arrearages, and an Earned Income Tax Credit compliance initiative. The adjustments are made in the President’s final sequestration report issued 15 days after the end of a session of Congress. Separate limits were subsequently enacted for certain transportation and conservation spending programs. While the transportation spending limit was ostensibly a limit on funding, it was primarily used to calculate the levels of spending that flowed from the Highway Trust Fund.

### **The Statutory Pay-As-You-Go Act of 2010**

No further legislation was enacted to reestablish statutory controls on spending and revenue until 2010, when on February 10 of that year, the Statutory Pay-As-You-Go Act of 2010 was signed as

part of Public Law 111–139. This law permanently reinstated pay-as-you-go requirements. It also increased the statutory limit on the public debt and amended the base of programs subject to sequestration. It did not, however, re-impose the limits on discretionary spending.

### **The Budget Control Act of 2011**

The main impetus for the Budget Control Act of 2011 (BCA 2011) (Public Law 112–25), enacted on August 2, 2011, was to authorize an increase in the public debt limit before it was breached. The measure avoided a breach in the public debt limit, set statutory controls on spending, and created a Joint Select Committee on Deficit Reduction to recommend policies achieving \$1.5 trillion in deficit reduction through fiscal year 2021. As a fallback, the measure provided for an offsetting sequester to be achieved through the reestablishment of discretionary spending limits and a parallel mechanism for triggering a sequestration of direct spending programs.

The discretionary spending limits were reestablished for fiscal years 2012 through 2021. For the first two years of the legislation (fiscal years 2012 and 2013), these limits were divided into security and non-security categories.<sup>1</sup> For the remaining years, the limits were set as a single general discretionary category.

BCA 2011 included additional procedures that had the effect of altering the discretionary spending limits under Section 251(c) of the Deficit Control Act, mainly by extending the security and non-security categories through the end of the period. CBO estimated that the discretionary spending limits under BCA 2011 would reduce the deficit, including savings from debt service, by \$917 billion over the 10-fiscal-year period of 2012 through 2021.

The legislation reported by the Joint Select Committee was to be considered under procedures limiting amendment and debate. Under BCA 2011, a sequester was established to offset any portion of \$1.2 trillion in deficit reduction that was not achieved through the enactment of legislation reported by the Joint Committee. The Joint Committee failed to report proposals reducing the deficit by any amount, and no legislation to that purpose was enacted by the required deadline of January 15, 2012. As a result, the Joint Committee ceased to exist and the automatic spending reduction process was triggered.

The automatic spending reduction process prompted new discretionary spending based on the aforementioned “security” and “non-security” categories. A formula was used to calculate the sequestration order and was based on a number of factors, including reduced cost of debt service, the number of remaining fiscal years, and direct and discretionary spending; in fiscal year 2013, both direct and discretionary spending were affected.

<sup>1</sup> Section 102 of the act defines the “security” category as comprising discretionary appropriations for the Department of Defense, the Department of Homeland Security, the Department of Veterans Affairs, the National Nuclear Security Administration, the intelligence community management account, and all budget accounts in Function 150, International Affairs. All other discretionary appropriations were grouped together in the non-security category. These were replaced with “revised” security and non-security limits on spending for programs, which fall inside Function 050, Defense, and outside that function.

### **The American Taxpayer Relief Act of 2012**

As part of an agreement to make permanent most tax policies first enacted in 2001 and 2003 but scheduled to expire at the end of 2012,<sup>2</sup> the American Taxpayer Relief Act of 2012 (ATRA) (Public Law 112–240) was enacted. It included certain budget process provisions. ATRA reduced the BCA 2011 fiscal year 2013 sequester by \$24 billion—from \$109.33 billion to \$85.33 billion for that fiscal year. It postponed the BCA 2011 sequester (under section 251(a) of the Deficit Control Act) by two months, from January 2, 2013 to March 1, 2013. It also postponed, until March 17, 2017, the Deficit Control Act sequester (a separate sequestration under Section 251(a) that normally occurs 15 days after the end of a session of Congress). Rather than require a sequester of a nominal amount for fiscal year 2013, as dictated by BCA 2011, the sequester triggered by the Deficit Control Act enforced spending limit categories and applied regardless of spending level relative to spending limits. It also reduced the defense and non-defense limits for fiscal years 2013 and 2014 by \$4 billion and \$8 billion, respectively. As required by ATRA, President Obama ordered the fiscal year 2013 BCA sequester on March 1, 2013.

### **The Bipartisan Budget Act of 2013**

As a result of the budget negotiations between House Budget Committee Chairman Ryan and Senate Budget Committee Chairman Murray, the Bipartisan Budget Act of 2013 (BBA 2013) (Public Law 113–67) increased the discretionary spending limits for fiscal years 2014 and 2015. The agreement provided \$63 billion in sequester relief over two years, split evenly between defense and non-defense programs. BBA 2013 reset the fiscal year 2014 defense discretionary limit at \$520.5 billion and non-defense discretionary spending at \$491.8 billion. For fiscal year 2015, defense and non-defense limits were reset at \$521.3 billion and \$492.4 billion, respectively.

The sequester relief was fully offset by numerous direct spending reductions and non-tax revenues totaling \$85 billion. These savings included: counting \$28 billion in reductions stemming from a provision requiring the President to sequester the same percentage of mandatory budgetary resources in 2022 and 2023 as will be sequestered in 2021 under current law; amending the Mineral Leasing Act to deposit two-percent of certain payments made to States under the Act to the Treasury; restructuring aviation security service fees; increasing Pension Benefit Guaranty Corporation premium rates; and rescinding and permanently cancelling \$693 million from the Department of Justice’s Asset Forfeiture Fund, among other provisions.

<sup>2</sup> These tax policies were temporary because they were enacted under the budget reconciliation process. Section 313 of the Budget Act—known as the “Byrd Rule”—prohibits spending and tax legislation enacted in reconciliation from increasing the projected deficit outside the 10-year budget window compared to what it would have been without those tax policies. Consequently, those tax relief policies were required to expire.

### **The Bipartisan Budget Act of 2015**

The Bipartisan Budget Act of 2015 (BBA 2015) (Public Law 114–67) again increased the near-term discretionary spending limits and offset the increase through reductions in direct spending. BBA 2015 specifically increased the combined discretionary limits by \$50 billion in fiscal year 2016 and \$30 billion in fiscal year 2017, equally divided between defense and non-defense spending each year. These increases in the discretionary spending limits were offset through reductions in direct spending spread over a 10-year period. The savings included: establishing an overall rate of return for insurance providers under the Standard Reinsurance Agreement; authorizing the sale of 58 million barrels of oil from the Strategic Petroleum Reserve; raising premium rates for single employer pension plans; accelerating the due date for pension premiums; maintaining the 2016 Medicare Part B premium; and rescinding and permanently cancelling \$746 million from the Department of Justice’s Asset Forfeiture Fund, among other provisions. The measure also reduced spending by \$14 billion in fiscal year 2025 by requiring the President to sequester the same percentage of direct spending in 2025 as will be sequestered in 2021.

Additionally, BBA 2015 increased the adjustments in the non-defense limits for appropriations for Social Security continuing disability reviews by \$484 million through fiscal year 2021. The Act temporarily suspended the debt limit through March 15, 2017 and, for the Senate only, established the budget aggregates, 302 allocations, and other budgetary limits that normally would have been set as part of the fiscal year 2017 concurrent resolution on the budget.

### **The Bipartisan Budget Act of 2018**

The Bipartisan Budget Act of 2018 (BBA 2018) (Public Law 115–123) increased the discretionary spending limits for fiscal years 2018 and 2019. For fiscal year 2018, it provided \$700 billion total in defense funding and \$591 billion in non-defense funding. For fiscal year 2019, it provided \$716 billion total in defense funding and \$605 billion in non-defense funding. These increases in the discretionary spending limits were offset by reductions in direct spending over the 10-year period.

These offsets included: extending custom user fees and TSA fees through 2027, extending L–1 and H–1B visa fees through fiscal year 2027, authorizing the sale of 100 million barrels of crude oil from the Strategic Petroleum Reserve over the period of fiscal years 2022 through 2027, and extending the collection of visa waiver fees through fiscal year 2027 among others.

BBA 2018 extended the public debt limit until March 1, 2019. It also established the Joint Select Committee on Budget and Appropriations Process Reform tasked with providing Congress legislative recommendations to “significantly reform the budget and appropriations process”. Additionally, BBA 2018 reset the balances on the Statutory Pay-As-You-Go Act scorecards. BBA 2018 also amended the Deficit Control Act by establishing an adjustment to the discretionary spending limits for reemployment services and eligibility assessments.

**Consolidated Appropriations Act, 2018**

The Consolidated Appropriations Act, 2018 (Public Law 115–141) amended the Deficit Control Act by establishing an adjustment to the discretionary spending limits for wildfire suppression funding. It also amended the current law calculation for the disaster funding adjustment.

## **ACCOUNTS IDENTIFIED FOR ADVANCE APPROPRIATIONS**

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### **Accounts Identified for Advance Appropriations for Fiscal Year 2020**

(SUBJECT TO A GENERAL LIMIT OF \$29,014,001,000)

#### *Labor, Health and Human Services, and Education*

- Employment and Training Administration
- Education for the Disadvantaged
- School Improvement
- Career, Technical, and Adult Education
- Special Education

#### *Transportation, Housing and Urban Development*

- Tenant-Based Rental Assistance
- Project-Based Rental Assistance

### **Veterans Discretionary Accounts Identified for Advance Appropriations for Fiscal Year 2020**

(SUBJECT TO A SEPARATE LIMIT OF \$75,550,600,000)

#### *Military Construction, Veterans Affairs*

- Veterans Medical Services
- Veterans Medical Support and Compliance
- Veterans Medical Facilities
- Veterans Medical Community Care





## VOTES OF THE COMMITTEE

Clause 3(b) of House Rule XIII requires each committee report to accompany any bill or resolution of a public character, ordered to include the total number of votes cast for and against on each roll call vote, on a motion to report and any amendments offered to the measure or matter, together with the names of those voting for and against. Listed below are the votes taken in the Committee on the Budget on the Concurrent Resolution on the Budget for Fiscal Year 2019.

Vote #1: An amendment offered by Representatives DelBene, Yarmuth, Lee, Lujan Grisham, Wasserman Schultz, Boyle, Khanna, Jayapal, Carbal, Jackson Lee, and Schakowsky to increase budget authority and outlays in Function 600 (Income Security) relating to nutrition assistance.

The amendment would increase both budget authority and outlays for Function 600 each by the following amounts: \$1.5 billion for fiscal year 2019, \$1.5 billion for fiscal year 2020, \$2.0 billion for fiscal year 2021, \$2.0 billion for fiscal year 2022, \$25.0 billion for fiscal year 2023, \$25.0 billion for fiscal year 2024, \$25.0 billion for fiscal year 2025, \$25.0 billion for fiscal year 2026, \$25.0 billion for fiscal year 2027, and \$25.0 billion for fiscal year 2028.

The amendment would adjust the aggregate levels of revenue by amounts equal to the aforementioned changes in outlays by partially reversing the 2017 tax reform law (Public Law 115-97), which may include raising the corporate tax rate, raising the individual income tax on the top bracket, or adjusting the estate and gift tax exemption levels.

The amendment was not agreed to by a roll call vote of 9 ayes and 16 noes.

### ROLL CALL VOTE NO. 1

Representative	Aye	No	Present	Representative	Aye	No	Present
Mr. Womack (Chairman) ....	.....	X	.....	Mr. Yarmuth (Ranking) .....	X	.....	.....
Mr. Rokita (Vice Chairman) .....	.....	.....	.....	Ms. Lee .....	X	.....	.....
Ms. Black .....	.....	.....	.....	Ms. Lujan Grisham .....	X	.....	.....
Mr. Diaz-Balart .....	.....	.....	.....	Mr. Moulton .....	X	.....	.....
Mr. Cole .....	.....	.....	.....	Mr. Jeffries .....	.....	.....	.....
Mr. McClintock .....	.....	X	.....	Mr. Higgins .....	.....	.....	.....
Mr. Woodall .....	.....	X	.....	Ms. DelBene .....	X	.....	.....
Mr. Sanford .....	.....	X	.....	Ms. Wasserman Schultz ....	.....	.....	.....
Mr. Brat .....	.....	.....	.....	Mr. Boyle .....	X	.....	.....
Mr. Grothman .....	.....	X	.....	Mr. Khanna .....	.....	.....	.....
Mr. Palmer .....	.....	X	.....	Ms. Jayapal (Vice Ranking) ..	X	.....	.....
Mr. Westerman .....	.....	.....	.....	Mr. Carbal .....	.....	.....	.....

## ROLL CALL VOTE NO. 1—Continued

Representative	Aye	No	Present	Representative	Aye	No	Present
Mr. Renacci .....	.....	X	.....	Ms. Jackson Lee .....	X	.....	.....
Mr. Johnson .....	.....	X	.....	Ms. Schakowsky .....	X	.....	.....
Mr. Smith .....	.....	X	.....				
Mr. Lewis .....	.....	X	.....				
Mr. Bergman .....	.....	X	.....				
Mr. Faso .....	.....	X	.....				
Mr. Smucker .....	.....	X	.....				
Mr. Gaetz .....	.....	X	.....				
Mr. Arrington .....	.....	X	.....				
Mr. Ferguson .....	.....	X	.....				

Representatives Carbajal, Khanna, and Wasserman Schultz asked unanimous consent, after the closing of the vote, that the record reflect they would have voted aye on roll call vote no. 1. Representatives Brat, Cole, Rokita, and Westerman asked unanimous consent, after the closing of the vote, that the record reflect they would have voted no on roll call vote no. 1. There was no objection to these unanimous consent requests.

Vote #2: An amendment offered by Representatives Lujan Grisham, Yarmuth, Lee, Moulton, Jeffries, Higgins, DelBene, Wasserman Schultz, Boyle, Khanna, Jayapal, Carbajal, Jackson Lee, and Schakowsky to insert a policy statement on border policy and immigration reform.

The amendment was not agreed to by a roll call vote of 9 ayes and 16 noes.

## ROLL CALL VOTE NO. 2

Representative	Aye	No	Present	Representative	Aye	No	Present
Mr. Womack (Chairman) ....	.....	X	.....	Mr. Yarmuth (Ranking) .....	X	.....	.....
Mr. Rokita (Vice Chairman) .....	.....	.....	.....	Ms. Lee .....	X	.....	.....
Ms. Black .....	.....	.....	.....	Ms. Lujan Grisham .....	X	.....	.....
Mr. Diaz-Balart .....	.....	.....	.....	Mr. Moulton .....	X	.....	.....
Mr. Cole .....	.....	.....	.....	Mr. Jeffries .....	.....	.....	.....
Mr. McClintock .....	.....	X	.....	Mr. Higgins .....	.....	.....	.....
Mr. Woodall .....	.....	X	.....	Ms. DelBene .....	X	.....	.....
Mr. Sanford .....	.....	X	.....	Ms. Wasserman Schultz ....	.....	.....	.....
Mr. Brat .....	.....	.....	.....	Mr. Boyle .....	X	.....	.....
Mr. Grothman .....	.....	X	.....	Mr. Khanna .....	.....	.....	.....
Mr. Palmer .....	.....	X	.....	Ms. Jayapal (Vice Ranking) ..	X	.....	.....
Mr. Westerman .....	.....	.....	.....	Mr. Carbajal .....	.....	.....	.....
Mr. Renacci .....	.....	X	.....	Ms. Jackson Lee .....	X	.....	.....
Mr. Johnson .....	.....	X	.....	Ms. Schakowsky .....	X	.....	.....
Mr. Smith .....	.....	X	.....				
Mr. Lewis .....	.....	X	.....				
Mr. Bergman .....	.....	X	.....				
Mr. Faso .....	.....	X	.....				
Mr. Smucker .....	.....	X	.....				
Mr. Gaetz .....	.....	X	.....				
Mr. Arrington .....	.....	X	.....				
Mr. Ferguson .....	.....	X	.....				

Representatives Carbajal, Khanna, and Wasserman Schultz asked unanimous consent, after the closing of the vote, that the record reflect they would have voted aye on roll call vote no. 2. Representatives Brat, Cole, Rokita, and Westerman asked unanimous consent, after the closing of the vote, that the record reflect they would have voted no on roll call vote no. 2. There was no objection to these unanimous consent requests.

Vote #3: An amendment offered by Representatives Jeffries, Yarmuth, Lee, Higgins, DelBene, Wasserman Schultz, Boyle, Khanna, Jayapal, Carbajal, Jackson Lee, and Schakowsky to insert a deficit neutral reserve fund to repeal the state and local tax deduction cap.

The amendment was not agreed to by a roll call vote of 11 ayes to 14 noes.

## ROLL CALL VOTE NO. 3

Representative	Aye	No	Present	Representative	Aye	No	Present
Mr. Womack (Chairman) ....	.....	X	.....	Mr. Yarmuth (Ranking) .....	X	.....	.....
Mr. Rokita (Vice Chairman) .....	.....	.....	.....	Ms. Lee .....	X	.....	.....
Ms. Black .....	.....	.....	.....	Ms. Lujan Grisham .....	X	.....	.....
Mr. Diaz-Balart .....	.....	.....	.....	Mr. Moulton .....	X	.....	.....
Mr. Cole .....	.....	.....	.....	Mr. Jeffries .....	.....	.....	.....
Mr. McClintock .....	X	.....	.....	Mr. Higgins .....	.....	.....	.....
Mr. Woodall .....	.....	X	.....	Ms. DelBene .....	X	.....	.....
Mr. Sanford .....	.....	X	.....	Ms. Wasserman Schultz ....	.....	.....	.....
Mr. Brat .....	.....	.....	.....	Mr. Boyle .....	X	.....	.....
Mr. Grothman .....	.....	X	.....	Mr. Khanna .....	.....	.....	.....
Mr. Palmer .....	.....	X	.....	Ms. Jayapal (Vice Ranking) ..	X	.....	.....
Mr. Westerman .....	.....	X	.....	Mr. Carbajal .....	.....	.....	.....
Mr. Renacci .....	.....	X	.....	Ms. Jackson Lee .....	X	.....	.....
Mr. Johnson .....	.....	X	.....	Ms. Schakowsky .....	X	.....	.....
Mr. Smith .....	.....	X	.....	.	.....	.....	.....
Mr. Lewis .....	.....	X	.....	.	.....	.....	.....
Mr. Bergman .....	.....	.....	.....	.	.....	.....	.....
Mr. Faso .....	X	.....	.....	.	.....	.....	.....
Mr. Smucker .....	.....	X	.....	.	.....	.....	.....
Mr. Gaetz .....	.....	X	.....	.	.....	.....	.....
Mr. Arrington .....	.....	X	.....	.	.....	.....	.....
Mr. Ferguson .....	.....	X	.....	.	.....	.....	.....

Representatives Carbajal, Khanna, and Wasserman Schultz asked unanimous consent, after the closing of the vote, that the record reflect they would have voted aye on roll call vote no. 3. Representatives Brat, Cole, Rokita, and Westerman asked unanimous consent, after the closing of the vote, that the record reflect they would have voted no on roll call vote no. 3. There was no objection to these unanimous consent requests.

Vote #4: An amendment offered by Representatives Boyle, Yarmuth, Lee, Lujan Grisham, Jeffries, Higgins, DelBene, Wasserman Schultz, Khanna, Jayapal, Carbajal, Jackson Lee, and Schakowsky to strike section 507 of the Chairman's mark and insert a policy statement on Medicare.

The amendment was not agreed to by a roll call vote of 12 ayes and 20 noes.

## ROLL CALL VOTE NO. 4

Representative	Aye	No	Present	Representative	Aye	No	Present
Mr. Womack (Chairman) ....	.....	X	.....	Mr. Yarmuth (Ranking) .....	X	.....	.....
Mr. Rokita (Vice Chairman) .....	.....	X	.....	Ms. Lee .....	X	.....	.....
Ms. Black .....	.....	X	.....	Ms. Lujan Grisham .....	X	.....	.....
Mr. Diaz-Balart .....	.....	.....	.....	Mr. Moulton .....	X	.....	.....
Mr. Cole .....	.....	X	.....	Mr. Jeffries .....	.....	.....	.....
Mr. McClintock .....	.....	X	.....	Mr. Higgins .....	X	.....	.....
Mr. Woodall .....	.....	X	.....	Ms. DelBene .....	X	.....	.....
Mr. Sanford .....	.....	.....	.....	Ms. Wasserman Schultz ....	X	.....	.....
Mr. Brat .....	.....	X	.....	Mr. Boyle .....	X	.....	.....
Mr. Grothman .....	.....	X	.....	Mr. Khanna .....	X	.....	.....
Mr. Palmer .....	.....	X	.....	Ms. Jayapal (Vice Ranking) .....	.....	.....	.....
Mr. Westerman .....	.....	X	.....	Mr. Carbajal .....	X	.....	.....
Mr. Renacci .....	.....	X	.....	Ms. Jackson Lee .....	X	.....	.....
Mr. Johnson .....	.....	X	.....	Ms. Schakowsky .....	X	.....	.....
Mr. Smith .....	.....	X	.....	.			
Mr. Lewis .....	.....	X	.....	.			
Mr. Bergman .....	.....	X	.....	.			
Mr. Faso .....	.....	X	.....	.			
Mr. Smucker .....	.....	X	.....	.			
Mr. Gaetz .....	.....	X	.....	.			
Mr. Arrington .....	.....	X	.....	.			
Mr. Ferguson .....	.....	X	.....	.			

Representative Jayapal asked unanimous consent, after the closing of the vote, that the record reflect she would have voted aye on roll call vote no. 4. Representative Sanford asked unanimous consent, after the closing of the vote, that the record reflect he would have voted no on roll call vote no. 4. There was no objection to these unanimous consent requests.

Vote #5: An amendment offered by Representatives Schakowsky, Yarmuth, Lee, Lujan Grisham, Moulton, Higgins, DelBene, Wasserman Schultz, Boyle, Khanna, Jayapal, and Jackson Lee to reject the “American Health Care Act.”

The amendment would increase budget authority and outlays for Function 550 (Health) each by the following amounts: \$5.0 billion for fiscal year 2019, \$28.0 billion for fiscal year 2020, \$21.0 billion for fiscal year 2021, \$86.0 billion for fiscal year 2022, \$142.0 billion for fiscal year 2023, \$164.0 billion for fiscal year 2024, \$187.0 billion for fiscal year 2025, \$206.0 billion for fiscal year 2026, \$223.0 billion for fiscal year 2027, and \$238.0 billion for fiscal year 2028.

The amendment would adjust the aggregate levels of revenue by amounts equal to the aforementioned changes in outlays by partially reversing the 2017 tax reform law (Public Law 115–97), which may include raising the corporate tax rate, raising the individual income tax on the top bracket, or adjusting the estate and gift tax exemption levels.

The amendment was not agreed to by a roll call vote of 12 ayes and 21 noes.

## ROLL CALL VOTE NO. 5

Representative	Aye	No	Present	Representative	Aye	No	Present
Mr. Womack (Chairman) ....	.....	X	.....	Mr. Yarmuth (Ranking) .....	X	.....	.....
Mr. Rokita (Vice Chairman) .....	.....	X	.....	Ms. Lee .....	X	.....	.....
Ms. Black .....	.....	X	.....	Ms. Lujan Grisham .....	X	.....	.....
Mr. Diaz-Balart .....	.....	.....	.....	Mr. Moulton .....	X	.....	.....
Mr. Cole .....	.....	X	.....	Mr. Jeffries .....	.....	.....	.....
Mr. McClintock .....	.....	X	.....	Mr. Higgins .....	X	.....	.....
Mr. Woodall .....	.....	X	.....	Ms. DelBene .....	X	.....	.....
Mr. Sanford .....	.....	X	.....	Ms. Wasserman Schultz ....	X	.....	.....
Mr. Brat .....	.....	X	.....	Mr. Boyle .....	X	.....	.....
Mr. Grothman .....	.....	X	.....	Mr. Khanna .....	X	.....	.....
Mr. Palmer .....	.....	X	.....	Ms. Jayapal (Vice Ranking) .....	.....	.....	.....
Mr. Westerman .....	.....	X	.....	Mr. Carbajal .....	X	.....	.....
Mr. Renacci .....	.....	X	.....	Ms. Jackson Lee .....	X	.....	.....
Mr. Johnson .....	.....	X	.....	Ms. Schakowsky .....	X	.....	.....
Mr. Smith .....	.....	X	.....	.			
Mr. Lewis .....	.....	X	.....	.			
Mr. Bergman .....	.....	X	.....	.			
Mr. Faso .....	.....	X	.....	.			
Mr. Smucker .....	.....	X	.....	.			
Mr. Gaetz .....	.....	X	.....	.			
Mr. Arrington .....	.....	X	.....	.			
Mr. Ferguson .....	.....	X	.....	.			

Representative Jayapal asked unanimous consent, after the closing of the vote, that the record reflect she would have voted aye on roll call vote no. 5. There was no objection to the unanimous consent request.

Vote #6: An amendment offered by Representatives Jayapal, Yarmuth, Lee, Lujan Grisham, Moulton, DelBene, Wasserman Schultz, Boyle, Khanna, Carbajal, Jackson Lee, and Schakowsky relating to immigration reform.

The amendment would increase the aggregate levels of revenue by the following amounts to account for increased economic growth resulting from adoption of the “Border Security, Economic Opportunity, and Immigration Modernization Act”, as introduced in the House in the 113th Congress: \$2.1 billion for fiscal year 2019, \$11.5 billion for fiscal year 2020, \$28.0 billion for fiscal year 2021, \$39.1 billion for fiscal year 2022, \$45.0 billion for fiscal year 2023, \$47.7 billion for fiscal year 2024, \$55.3 billion for fiscal year 2025, \$65.0 billion for fiscal year 2026, \$77.7 billion for fiscal year 2027, and \$87.6 billion for fiscal year 2028.

The amendment would also increase both budget authority and outlays for Function 920 (Allowances) each by the following amounts to reflect adoption of the “Border Security, Economic Opportunity, and Immigration Modernization Act”, as introduced in the House in the 113th Congress: \$4.6 billion for fiscal year 2019, \$6.8 billion for fiscal year 2020, \$14.0 billion for fiscal year 2021, \$19.8 billion for fiscal year 2022, \$24.6 billion for fiscal year 2023, \$26.6 billion for fiscal year 2024, \$32.2 billion for fiscal year 2025, \$37.4 billion for fiscal year 2026, \$44.4 billion for fiscal year 2027, and \$51.4 billion for fiscal year 2028.

The amendment also adds a policy statement calling for a vote on comprehensive immigration reform.

The amendment was not agreed to by a roll call vote of 13 ayes and 21 noes.

## ROLL CALL VOTE NO. 6

Representative	Aye	No	Present	Representative	Aye	No	Present
Mr. Womack (Chairman) ....	.....	X	.....	Mr. Yarmuth (Ranking) .....	X	.....	.....
Mr. Rokita (Vice Chairman) .....	.....	X	.....	Ms. Lee .....	X	.....	.....
Ms. Black .....	.....	X	.....	Ms. Lujan Grisham .....	X	.....	.....
Mr. Diaz-Balart .....	.....	.....	.....	Mr. Moulton .....	X	.....	.....
Mr. Cole .....	.....	X	.....	Mr. Jeffries .....	.....	.....	.....
Mr. McClintock .....	.....	X	.....	Mr. Higgins .....	X	.....	.....
Mr. Woodall .....	.....	X	.....	Ms. DelBene .....	X	.....	.....
Mr. Sanford .....	.....	X	.....	Ms. Wasserman Schultz ....	X	.....	.....
Mr. Brat .....	.....	X	.....	Mr. Boyle .....	X	.....	.....
Mr. Grothman .....	.....	X	.....	Mr. Khanna .....	X	.....	.....
Mr. Palmer .....	.....	X	.....	Ms. Jayapal (Vice Ranking) X	.....	.....	.....
Mr. Westerman .....	.....	X	.....	Mr. Carbajal .....	X	.....	.....
Mr. Renacci .....	.....	X	.....	Ms. Jackson Lee .....	X	.....	.....
Mr. Johnson .....	.....	X	.....	Ms. Schakowsky .....	X	.....	.....
Mr. Smith .....	.....	X	.....	.			
Mr. Lewis .....	.....	X	.....	.			
Mr. Bergman .....	.....	X	.....	.			
Mr. Faso .....	.....	X	.....	.			
Mr. Smucker .....	.....	X	.....	.			
Mr. Gaetz .....	.....	X	.....	.			
Mr. Arrington .....	.....	X	.....	.			
Mr. Ferguson .....	.....	X	.....	.			

Vote #7: An amendment offered by Representatives Jackson Lee, Yarmuth, Lee, Lujan Grisham, Higgins, DelBene, Wasserman Schultz, Boyle, Khanna, Jayapal, and Schakowsky to increase Medicaid spending and increase revenue by an equal amount.

The amendment would increase both budget authority and outlays for Function 550 (Health) each by the following amounts: \$14.0 billion for fiscal year 2019, \$30.0 billion for fiscal year 2020, \$44.0 billion for fiscal year 2021, \$90.0 billion for fiscal year 2022, \$118.0 billion for fiscal year 2023, \$137.0 billion for fiscal year 2024, \$151.0 billion for fiscal year 2025, \$165.0 billion for fiscal year 2026, \$177.0 billion for fiscal year 2027, and \$190.0 billion for fiscal year 2028.

The amendment would adjust the aggregate levels of revenue by amounts equal to the aforementioned changes in outlays by partially reversing the 2017 tax reform law (Public Law 115-97), which may include raising the corporate tax rate, raising the individual income tax on the top bracket, or adjusting the estate and gift tax exemption levels.

The amendment was not agreed to by a roll call vote of 13 ayes and 21 noes.

## ROLL CALL VOTE NO. 7

Representative	Aye	No	Present	Representative	Aye	No	Present
Mr. Womack (Chairman) ....	.....	X	.....	Mr. Yarmuth (Ranking) .....	X	.....	.....
Mr. Rokita (Vice Chairman) .....	.....	X	.....	Ms. Lee .....	X	.....	.....
Ms. Black .....	.....	X	.....	Ms. Lujan Grisham .....	X	.....	.....

## ROLL CALL VOTE NO. 7—Continued

Representative	Aye	No	Present	Representative	Aye	No	Present
Mr. Diaz-Balart .....	.....	.....	.....	Mr. Moulton .....	X	.....	.....
Mr. Cole .....	.....	X	.....	Mr. Jeffries .....	.....	.....	.....
Mr. McClintock .....	.....	X	.....	Mr. Higgins .....	X	.....	.....
Mr. Woodall .....	.....	X	.....	Ms. DelBene .....	X	.....	.....
Mr. Sanford .....	.....	X	.....	Ms. Wasserman Schultz .....	X	.....	.....
Mr. Brat .....	.....	X	.....	Mr. Boyle .....	X	.....	.....
Mr. Grothman .....	.....	X	.....	Mr. Khanna .....	X	.....	.....
Mr. Palmer .....	.....	X	.....	Ms. Jayapal (Vice Ranking) .....	X	.....	.....
Mr. Westerman .....	.....	X	.....	Mr. Carbajal .....	X	.....	.....
Mr. Renacci .....	.....	X	.....	Ms. Jackson Lee .....	X	.....	.....
Mr. Johnson .....	.....	X	.....	Ms. Schakowsky .....	X	.....	.....
Mr. Smith .....	.....	X	.....	.			
Mr. Lewis .....	.....	X	.....	.			
Mr. Bergman .....	.....	X	.....	.			
Mr. Faso .....	.....	X	.....	.			
Mr. Smucker .....	.....	X	.....	.			
Mr. Gaetz .....	.....	X	.....	.			
Mr. Arrington .....	.....	X	.....	.			
Mr. Ferguson .....	.....	X	.....	.			

Vote #8: An amendment offered by Representatives Lee, Yarmuth, Lujan Grisham, DelBene, Wasserman Schultz, Boyle, Khanna, Jayapal, Jackson Lee, and Schakowsky to increase budget authority and outlays for Function 500 (Education, Training, Employment, and Social Services) and Function 600 (Income Security) and increase revenue by an equal amount.

The amendment would increase budget authority for Function 500 by the following amounts: \$17.649 billion for fiscal year 2019, \$21.413 billion for fiscal year 2020, \$22.322 billion for fiscal year 2021, \$23.721 billion for fiscal year 2022, \$25.186 billion for fiscal year 2023, \$26.802 billion for fiscal year 2024, \$28.464 billion for fiscal year 2025, \$30.196 billion for fiscal year 2026, \$31.753 billion for fiscal year 2027, and \$32.920 billion for fiscal year 2028.

Outlays for Function 500 would increase by the following amounts: \$7.957 billion for fiscal year 2019, \$18.981 billion for fiscal year 2020, \$21.009 billion for fiscal year 2021, \$21.939 billion for fiscal year 2022, \$23.233 billion for fiscal year 2023, \$24.613 billion for fiscal year 2024, \$25.980 billion for fiscal year 2025, \$27.607 billion for fiscal year 2026, \$29.073 billion for fiscal year 2027, and \$30.249 billion for fiscal year 2028.

The amendment would also increase budget authority for Function 600 by the following amounts: \$45.749 billion for fiscal year 2019, \$62.062 billion for fiscal year 2020, \$68.366 billion for fiscal year 2021, \$77.768 billion for fiscal year 2022, \$77.884 billion for fiscal year 2023, \$102.123 billion for fiscal year 2024, \$112.959 billion for fiscal year 2025, \$118.618 billion for fiscal year 2026, \$124.515 billion for fiscal year 2027, and \$137.044 billion for fiscal year 2028.

Outlays for Function 600 would increase by the following amounts: \$45.152 billion for fiscal year 2019, \$60.670 billion for fiscal year 2020, \$67.924 billion for fiscal year 2021, \$77.382 billion for fiscal year 2022, \$77.713 billion for fiscal year 2023, \$101.839

billion for fiscal year 2024, \$112.618 billion for fiscal year 2025, \$118.476 billion for fiscal year 2026, \$124.377 billion for fiscal year 2027, and \$136.862 billion for fiscal year 2028.

The amendment would adjust the aggregate levels of revenue by amounts equal to the aforementioned changes in outlays by partially reversing the 2017 tax reform law (Public Law 115–97), which may include raising the corporate tax rate, raising the individual income tax on the top bracket, or adjusting the estate and gift tax exemption levels.

The amendment was not agreed to by a roll call vote of 13 ayes and 21 noes.

#### ROLL CALL VOTE NO. 8

Representative	Aye	No	Present	Representative	Aye	No	Present
Mr. Womack (Chairman) ....	.....	X	.....	Mr. Yarmuth (Ranking) .....	X	.....	.....
Mr. Rokita (Vice Chairman) .....	.....	X	.....	Ms. Lee .....	X	.....	.....
Ms. Black .....	.....	X	.....	Ms. Lujan Grisham .....	X	.....	.....
Mr. Diaz-Balart .....	.....	.....	.....	Mr. Moulton .....	X	.....	.....
Mr. Cole .....	.....	X	.....	Mr. Jeffries .....	.....	.....	.....
Mr. McClintock .....	.....	X	.....	Mr. Higgins .....	X	.....	.....
Mr. Woodall .....	.....	X	.....	Ms. DelBene .....	X	.....	.....
Mr. Sanford .....	.....	X	.....	Ms. Wasserman Schultz ....	X	.....	.....
Mr. Brat .....	.....	X	.....	Mr. Boyle .....	X	.....	.....
Mr. Grothman .....	.....	X	.....	Mr. Khanna .....	X	.....	.....
Mr. Palmer .....	.....	X	.....	Ms. Jayapal (Vice Ranking) ..	X	.....	.....
Mr. Westerman .....	.....	X	.....	Mr. Carbajal .....	X	.....	.....
Mr. Renacci .....	.....	X	.....	Ms. Jackson Lee .....	X	.....	.....
Mr. Johnson .....	.....	X	.....	Ms. Schakowsky .....	X	.....	.....
Mr. Smith .....	.....	X	.....	.			
Mr. Lewis .....	.....	X	.....	.			
Mr. Bergman .....	.....	X	.....	.			
Mr. Faso .....	.....	X	.....	.			
Mr. Smucker .....	.....	X	.....	.			
Mr. Gaetz .....	.....	X	.....	.			
Mr. Arrington .....	.....	X	.....	.			
Mr. Ferguson .....	.....	X	.....	.			

Vote #9: An amendment offered by Representatives Wasserman Schultz, Yarmuth, Lee, Lujan Grisham, Higgins, DelBene, Boyle, Khanna, Jayapal, Carbajal, Jackson Lee, and Schakowsky to insert a policy statement opposing any reduction in Social Security benefits.

The amendment was not agreed to by a roll call vote of 13 ayes and 21 noes.

#### ROLL CALL VOTE NO. 9

Representative	Aye	No	Present	Representative	Aye	No	Present
Mr. Womack (Chairman) ....	.....	X	.....	Mr. Yarmuth (Ranking) .....	X	.....	.....
Mr. Rokita (Vice Chairman) .....	.....	X	.....	Ms. Lee .....	X	.....	.....
Ms. Black .....	.....	X	.....	Ms. Lujan Grisham .....	X	.....	.....
Mr. Diaz-Balart .....	.....	.....	.....	Mr. Moulton .....	X	.....	.....
Mr. Cole .....	.....	X	.....	Mr. Jeffries .....	.....	.....	.....
Mr. McClintock .....	.....	X	.....	Mr. Higgins .....	X	.....	.....
Mr. Woodall .....	.....	X	.....	Ms. DelBene .....	X	.....	.....



## ROLL CALL VOTE NO. 9—Continued

Representative	Aye	No	Present	Representative	Aye	No	Present
Mr. Sanford .....	.....	X	.....	Ms. Wasserman Schultz ....	X	.....	.....
Mr. Brat .....	.....	X	.....	Mr. Boyle .....	X	.....	.....
Mr. Grothman .....	.....	X	.....	Mr. Khanna .....	X	.....	.....
Mr. Palmer .....	.....	X	.....	Ms. Jayapal (Vice Ranking)	X	.....	.....
Mr. Westerman .....	.....	X	.....	Mr. Carbajal .....	X	.....	.....
Mr. Renacci .....	.....	X	.....	Ms. Jackson Lee .....	X	.....	.....
Mr. Johnson .....	.....	X	.....	Ms. Schakowsky .....	X	.....	.....
Mr. Smith .....	.....	X	.....	.			
Mr. Lewis .....	.....	X	.....	.			
Mr. Bergman .....	.....	X	.....	.			
Mr. Faso .....	.....	X	.....	.			
Mr. Smucker .....	.....	X	.....	.			
Mr. Gaetz .....	.....	X	.....	.			
Mr. Arrington .....	.....	X	.....	.			
Mr. Ferguson .....	.....	X	.....	.			

Vote #10: An amendment offered by Representatives Yarmuth, Wasserman Schultz, Boyle, Khanna, and Schakowsky related to carried interest.

The amendment would adjust the aggregate levels of revenue to change the tax treatment of certain earnings as carried interest by the following amounts: \$1.5 billion for fiscal year 2019, \$2.0 billion for fiscal year 2020, \$2.0 billion for fiscal year 2021, \$2.0 billion for fiscal year 2022, \$2.0 billion for fiscal year 2023, \$2.0 billion for fiscal year 2024, \$2.0 billion for fiscal year 2025, \$2.0 billion for fiscal year 2026, \$2.0 billion for fiscal year 2027, and \$2.0 billion for fiscal year 2028.

The amendment was not agreed to by a roll call vote of 16 ayes and 18 noes.

## ROLL CALL VOTE NO. 10

Representative	Aye	No	Present	Representative	Aye	No	Present
Mr. Womack (Chairman) ....	.....	X	.....	Mr. Yarmuth (Ranking) .....	X	.....	.....
Mr. Rokita (Vice Chairman) .....	.....	X	.....	Ms. Lee .....	X	.....	.....
Ms. Black .....	.....	X	.....	Ms. Lujan Grisham .....	X	.....	.....
Mr. Diaz-Balart .....	.....	.....	.....	Mr. Moulton .....	X	.....	.....
Mr. Cole .....	.....	X	.....	Mr. Jeffries .....	.....	.....	.....
Mr. McClintock .....	.....	X	.....	Mr. Higgins .....	X	.....	.....
Mr. Woodall .....	.....	X	.....	Ms. DelBene .....	X	.....	.....
Mr. Sanford .....	.....	X	.....	Ms. Wasserman Schultz ....	X	.....	.....
Mr. Brat .....	.....	X	.....	Mr. Boyle .....	X	.....	.....
Mr. Grothman .....	X	.....	.....	Mr. Khanna .....	X	.....	.....
Mr. Palmer .....	.....	X	.....	Ms. Jayapal (Vice Ranking)	X	.....	.....
Mr. Westerman .....	.....	X	.....	Mr. Carbajal .....	X	.....	.....
Mr. Renacci .....	.....	X	.....	Ms. Jackson Lee .....	X	.....	.....
Mr. Johnson .....	.....	X	.....	Ms. Schakowsky .....	X	.....	.....
Mr. Smith .....	.....	X	.....	.			
Mr. Lewis .....	X	.....	.....	.			
Mr. Bergman .....	.....	X	.....	.			
Mr. Faso .....	.....	X	.....	.			
Mr. Smucker .....	.....	X	.....	.			
Mr. Gaetz .....	X	.....	.....	.			
Mr. Arrington .....	.....	X	.....	.			

## ROLL CALL VOTE NO. 10—Continued

Representative	Aye	No	Present	Representative	Aye	No	Present
Mr. Ferguson .....	.....	X	.....				

Vote #11: An amendment offered by Representatives Moulton, Yarmuth, Lee, Lujan Grisham, DelBene, Wasserman Schultz, Boyle, Khanna, Jayapal, Carbajal, Jackson Lee, and Schakowsky to increase budget authority and outlays for Function 750 (Administration of Justice) and revenue by an equal amount.

The amendment would increase budget authority for Function 750 by \$75 million for fiscal year 2019. Outlays for Function 750 would increase by the following amounts: \$38 million for fiscal year 2019, \$23 million for fiscal year 2020, \$8 million for fiscal year 2021, and \$1 million for fiscal year 2023.

The amendment would adjust the aggregate levels of revenue by amounts equal to the aforementioned changes in outlays by partially reversing the 2017 tax reform law (Public Law 115-97), which may include raising the corporate tax rate, raising the individual income tax on the top bracket, or adjusting the estate and gift tax exemption levels.

The amendment was not agreed to by a roll call vote of 10 ayes and 18 noes.

## ROLL CALL VOTE NO. 11

Representative	Aye	No	Present	Representative	Aye	No	Present
Mr. Womack (Chairman) ....	.....	X	.....	Mr. Yarmuth (Ranking) .....	X	.....	.....
Mr. Rokita (Vice Chairman) .....	.....	X	.....	Ms. Lee .....	X	.....	.....
Ms. Black .....	.....	.....	.....	Ms. Lujan Grisham .....	X	.....	.....
Mr. Diaz-Balart .....	.....	.....	.....	Mr. Moulton .....	X	.....	.....
Mr. Cole .....	.....	X	.....	Mr. Jeffries .....	.....	.....	.....
Mr. McClintock .....	.....	X	.....	Mr. Higgins .....	X	.....	.....
Mr. Woodall .....	.....	X	.....	Ms. DelBene .....	X	.....	.....
Mr. Sanford .....	.....	.....	.....	Ms. Wasserman Schultz ....	X	.....	.....
Mr. Brat .....	.....	X	.....	Mr. Boyle .....	X	.....	.....
Mr. Grothman .....	.....	X	.....	Mr. Khanna .....	X	.....	.....
Mr. Palmer .....	.....	X	.....	Ms. Jayapal (Vice Ranking) .....	.....	.....	.....
Mr. Westerman .....	.....	X	.....	Mr. Carbajal .....	.....	.....	.....
Mr. Renacci .....	.....	X	.....	Ms. Jackson Lee .....	.....	.....	.....
Mr. Johnson .....	.....	X	.....	Ms. Schakowsky .....	X	.....	.....
Mr. Smith .....	.....	.....	.....				
Mr. Lewis .....	.....	X	.....				
Mr. Bergman .....	.....	X	.....				
Mr. Faso .....	.....	X	.....				
Mr. Smucker .....	.....	X	.....				
Mr. Gaetz .....	.....	X	.....				
Mr. Arrington .....	.....	X	.....				
Mr. Ferguson .....	.....	X	.....				

Representatives Carbajal, Jackson Lee, and Jayapal asked unanimous consent, after the closing of the vote, that the record reflect they would have voted aye on roll call vote no. 11. Representative Sanford asked unanimous consent, after the closing of the vote,

that the record reflect he would have voted no on roll call vote no. 11. There was no objection to these unanimous consent requests.

Vote #12: An amendment offered by Representatives Khanna, Yarmuth, Lee, DelBene, Wasserman Schultz, Boyle, Jayapal, Jackson Lee, and Schakowsky to insert a deficit neutral reserve fund for the Earned Income Tax Credit.

The amendment was not agreed to by a roll call vote of 11 ayes to 17 noes.

## ROLL CALL VOTE NO. 12

Representative	Aye	No	Present	Representative	Aye	No	Present
Mr. Womack (Chairman) ....	.....	X	.....	Mr. Yarmuth (Ranking) .....	X	.....	.....
Mr. Rokita (Vice Chairman) .....	.....	X	.....	Ms. Lee .....	X	.....	.....
Ms. Black .....	.....	.....	.....	Ms. Lujan Grisham .....	X	.....	.....
Mr. Diaz-Balart .....	.....	.....	.....	Mr. Moulton .....	X	.....	.....
Mr. Cole .....	.....	X	.....	Mr. Jeffries .....	.....	.....	.....
Mr. McClintock .....	.....	X	.....	Mr. Higgins .....	X	.....	.....
Mr. Woodall .....	.....	X	.....	Ms. DelBene .....	X	.....	.....
Mr. Sanford .....	.....	.....	.....	Ms. Wasserman Schultz ....	X	.....	.....
Mr. Brat .....	.....	X	.....	Mr. Boyle .....	X	.....	.....
Mr. Grothman .....	.....	X	.....	Mr. Khanna .....	X	.....	.....
Mr. Palmer .....	.....	X	.....	Ms. Jayapal (Vice Ranking) .....	.....	.....	.....
Mr. Westerman .....	.....	.....	.....	Mr. Carbajal .....	X	.....	.....
Mr. Renacci .....	.....	X	.....	Ms. Jackson Lee .....	.....	.....	.....
Mr. Johnson .....	.....	X	.....	Ms. Schakowsky .....	X	.....	.....
Mr. Smith .....	.....	.....	.....	.	.....	.....	.....
Mr. Lewis .....	.....	X	.....	.	.....	.....	.....
Mr. Bergman .....	.....	X	.....	.	.....	.....	.....
Mr. Faso .....	.....	X	.....	.	.....	.....	.....
Mr. Smucker .....	.....	X	.....	.	.....	.....	.....
Mr. Gaetz .....	.....	X	.....	.	.....	.....	.....
Mr. Arrington .....	.....	X	.....	.	.....	.....	.....
Mr. Ferguson .....	.....	X	.....	.	.....	.....	.....

Representatives Jackson Lee and Jayapal asked unanimous consent, after the closing of the vote, that the record reflect they would have voted aye on roll call vote no. 12. Representative Sanford asked unanimous consent, after the closing of the vote, that the record reflect he would have voted no on roll call vote no. 12. There was no objection to these unanimous consent requests.

Vote #13: An amendment offered by Representatives Higgins, Yarmuth, Lee, Lujan Grisham, Moulton, DelBene, Wasserman Schultz, Boyle, Khanna, Jayapal, Carbajal, Jackson Lee, and Schakowsky to increase infrastructure spending and revenue by an equal amount.

The amendment would increase budget authority for Function 920 (Allowances) by the following amounts: \$100.0 billion for fiscal year 2019, \$150.0 billion for fiscal year 2020, \$250.0 billion for fiscal year 2021, \$250.0 billion for fiscal year 2022, and \$250.0 billion for fiscal year 2023.

Outlays for Function 920 would increase by the following amounts: \$20.0 billion for fiscal year 2019, \$65.0 billion for fiscal year 2020, \$132.5 billion for fiscal year 2021, \$192.5 billion for fiscal year 2022, \$232.5 billion for fiscal year 2023, \$195.0 billion for

fiscal year 2024, \$112.5 billion for fiscal year 2025, \$37.5 billion for fiscal year 2026, and \$12.5 billion for fiscal year 2027.

The amendment would adjust the aggregate levels of revenue by amounts equal to the aforementioned changes in outlays by partially reversing the 2017 tax reform law (Public Law 115-97), which may include raising the corporate tax rate, raising the individual income tax on the top bracket, or adjusting the estate and gift tax exemption levels.

The amendment was not agreed to by a roll call vote of 11 ayes and 21 noes.

#### ROLL CALL VOTE NO. 13

Representative	Aye	No	Present	Representative	Aye	No	Present
Mr. Womack (Chairman) .....	.....	X	.....	Mr. Yarmuth (Ranking) .....	X	.....	.....
Mr. Rokita (Vice Chairman) .....	.....	X	.....	Ms. Lee .....	X	.....	.....
Ms. Black .....	.....	X	.....	Ms. Lujan Grisham .....	X	.....	.....
Mr. Diaz-Balart .....	.....	.....	.....	Mr. Moulton .....	X	.....	.....
Mr. Cole .....	.....	X	.....	Mr. Jeffries .....	.....	.....	.....
Mr. McClintock .....	.....	X	.....	Mr. Higgins .....	X	.....	.....
Mr. Woodall .....	.....	X	.....	Ms. DelBene .....	X	.....	.....
Mr. Sanford .....	.....	X	.....	Ms. Wasserman Schultz ....	X	.....	.....
Mr. Brat .....	.....	X	.....	Mr. Boyle .....	X	.....	.....
Mr. Grothman .....	.....	X	.....	Mr. Khanna .....	X	.....	.....
Mr. Palmer .....	.....	X	.....	Ms. Jayapal (Vice Ranking) .....	.....	.....	.....
Mr. Westerman .....	.....	X	.....	Mr. Carbajal .....	X	.....	.....
Mr. Renacci .....	.....	X	.....	Ms. Jackson Lee .....	.....	.....	.....
Mr. Johnson .....	.....	X	.....	Ms. Schakowsky .....	X	.....	.....
Mr. Smith .....	.....	X	.....	.	.....	.....	.....
Mr. Lewis .....	.....	X	.....	.	.....	.....	.....
Mr. Bergman .....	.....	X	.....	.	.....	.....	.....
Mr. Faso .....	.....	X	.....	.	.....	.....	.....
Mr. Smucker .....	.....	X	.....	.	.....	.....	.....
Mr. Gaetz .....	.....	X	.....	.	.....	.....	.....
Mr. Arrington .....	.....	X	.....	.	.....	.....	.....
Mr. Ferguson .....	.....	X	.....	.	.....	.....	.....

Representatives Jackson Lee and Jayapal asked unanimous consent, after the closing of the vote, that the record reflect they would have voted aye on roll call vote no. 13. There was no objection to these unanimous consent requests.

Vote #14: An amendment offered by Representatives Carbajal, Yarmuth, Lee, DelBene, Wasserman Schultz, Boyle, Khanna, Jayapal, Jackson Lee, and Schakowsky to increase budget authority and outlays for Function 400 (Transportation) and increase revenue by an equal amount.

The amendment would increase budget authority for Function 400 by the following amounts: \$7.520 billion for fiscal year 2021, \$7.660 billion for fiscal year 2022, \$7.900 billion for fiscal year 2023, \$8.140 billion for fiscal year 2024, \$8.370 billion for fiscal year 2025, \$8.610 billion for fiscal year 2026, \$8.820 billion for fiscal year 2027, and \$8.990 billion for fiscal year 2028.

Outlays for Function 400 would increase by the following amounts: \$2.340 billion for fiscal year 2021, \$8.580 billion for fiscal year 2022, \$12.070 billion for fiscal year 2023, \$14.400 billion for fiscal year 2024, \$16.720 billion for fiscal year 2025, \$18.800 billion

for fiscal year 2026, \$20.530 billion for fiscal year 2027, and \$22.140 billion for fiscal year 2028.

The amendment would adjust the aggregate levels of revenue by amounts equal to the aforementioned changes in outlays by partially reversing the 2017 tax reform law (Public Law 115-97), which may include raising the corporate tax rate, raising the individual income tax on the top bracket, or adjusting the estate and gift tax exemption levels.

The amendment was not agreed to by a roll call vote of 11 ayes and 21 noes.

#### ROLL CALL VOTE NO. 14

Representative	Aye	No	Present	Representative	Aye	No	Present
Mr. Womack (Chairman) .....		X	.....	Mr. Yarmuth (Ranking) .....	X	.....	.....
Mr. Rokita (Vice Chairman) .....		X	.....	Ms. Lee .....	X	.....	.....
Ms. Black .....		X	.....	Ms. Lujan Grisham .....	X	.....	.....
Mr. Diaz-Balart .....			.....	Mr. Moulton .....	X	.....	.....
Mr. Cole .....		X	.....	Mr. Jeffries .....		.....	.....
Mr. McClintock .....		X	.....	Mr. Higgins .....	X	.....	.....
Mr. Woodall .....		X	.....	Ms. DelBene .....	X	.....	.....
Mr. Sanford .....		X	.....	Ms. Wasserman Schultz ....	X	.....	.....
Mr. Brat .....		X	.....	Mr. Boyle .....	X	.....	.....
Mr. Grothman .....		X	.....	Mr. Khanna .....	X	.....	.....
Mr. Palmer .....		X	.....	Ms. Jayapal (Vice Ranking) .....		.....	.....
Mr. Westerman .....		X	.....	Mr. Carbajal .....	X	.....	.....
Mr. Renacci .....		X	.....	Ms. Jackson Lee .....		.....	.....
Mr. Johnson .....		X	.....	Ms. Schakowsky .....	X	.....	.....
Mr. Smith .....		X	.....	.			
Mr. Lewis .....		X	.....	.			
Mr. Bergman .....		X	.....	.			
Mr. Faso .....		X	.....	.			
Mr. Smucker .....		X	.....	.			
Mr. Gaetz .....		X	.....	.			
Mr. Arrington .....		X	.....	.			
Mr. Ferguson .....		X	.....	.			

Representatives Jackson Lee and Jayapal asked unanimous consent, after the closing of the vote, that the record reflect they would have voted aye on roll call vote no. 14. There was no objection to these unanimous consent requests.

Vote #15: An amendment offered by Representatives Yarmuth, Lee, DelBene, Wasserman Schultz, Khanna, Jayapal, Jackson Lee, and Schakowsky to increase budget authority and outlays for Function 600 (Income Security) and increase revenue by an equal amount.

The amendment would increase both budget authority and outlays each by the following amounts: \$400 million for fiscal year 2019, \$500 million for fiscal year 2020, \$500 million for fiscal year 2021, \$500 million for fiscal year 2022, \$500 million for fiscal year 2023, \$500 million for fiscal year 2024, \$600 million for fiscal year 2025, \$600 million for fiscal year 2026, \$600 million for fiscal year 2027, and \$600 million for fiscal year 2028.

The amendment would adjust the aggregate levels of revenue by amounts equal to the aforementioned changes in outlays by partially reversing the 2017 tax reform law (Public Law 115-97), which

may include raising the corporate tax rate, raising the individual income tax on the top bracket, or adjusting the estate and gift tax exemption levels.

The amendment was not agreed to by a roll call vote of 14 ayes and 18 noes.

## ROLL CALL VOTE NO. 15

Representative	Aye	No	Present	Representative	Aye	No	Present
Mr. Womack (Chairman) ....	.....	X	.....	Mr. Yarmuth (Ranking) .....	X	.....	.....
Mr. Rokita (Vice Chairman) .....	.....	X	.....	Ms. Lee .....	X	.....	.....
Ms. Black .....	.....	X	.....	Ms. Lujan Grisham .....	X	.....	.....
Mr. Diaz-Balart .....	.....	.....	.....	Mr. Moulton .....	X	.....	.....
Mr. Cole .....	.....	X	.....	Mr. Jeffries .....	.....	.....	.....
Mr. McClintock .....	.....	X	.....	Mr. Higgins .....	X	.....	.....
Mr. Woodall .....	.....	X	.....	Ms. DelBene .....	X	.....	.....
Mr. Sanford .....	.....	X	.....	Ms. Wasserman Schultz ....	X	.....	.....
Mr. Brat .....	.....	X	.....	Mr. Boyle .....	X	.....	.....
Mr. Grothman .....	.....	X	.....	Mr. Khanna .....	X	.....	.....
Mr. Palmer .....	.....	X	.....	Ms. Jayapal (Vice Ranking) .....	.....	.....	.....
Mr. Westerman .....	.....	X	.....	Mr. Carbajal .....	X	.....	.....
Mr. Renacci .....	.....	X	.....	Ms. Jackson Lee .....	.....	.....	.....
Mr. Johnson .....	X	.....	.....	Ms. Schakowsky .....	X	.....	.....
Mr. Smith .....	.....	X	.....	.	.....	.....	.....
Mr. Lewis .....	.....	X	.....	.	.....	.....	.....
Mr. Bergman .....	X	.....	.....	.	.....	.....	.....
Mr. Faso .....	.....	X	.....	.	.....	.....	.....
Mr. Smucker .....	.....	X	.....	.	.....	.....	.....
Mr. Gaetz .....	X	.....	.....	.	.....	.....	.....
Mr. Arrington .....	.....	X	.....	.	.....	.....	.....
Mr. Ferguson .....	.....	X	.....	.	.....	.....	.....

Representatives Jackson Lee and Jayapal asked unanimous consent, after the closing of the vote, that the record reflect they would have voted aye on roll call vote no. 15. There was no objection to these unanimous consent requests.

Vote #16: An amendment offered by Representatives Lee, Yarmuth, DelBene, Wasserman Schultz, Khanna, Jayapal, Jackson Lee, and Schakowsky related to funding for Function 970 (Overseas Contingency Operations/Global War on Terrorism).

The amendment was not agreed to by a roll call vote of 15 ayes and 17 noes.

## ROLL CALL VOTE NO. 16

Representative	Aye	No	Present	Representative	Aye	No	Present
Mr. Womack (Chairman) ....	.....	X	.....	Mr. Yarmuth (Ranking) .....	X	.....	.....
Mr. Rokita (Vice Chairman) .....	.....	X	.....	Ms. Lee .....	X	.....	.....
Ms. Black .....	.....	X	.....	Ms. Lujan Grisham .....	X	.....	.....
Mr. Diaz-Balart .....	.....	.....	.....	Mr. Moulton .....	X	.....	.....
Mr. Cole .....	.....	X	.....	Mr. Jeffries .....	.....	.....	.....
Mr. McClintock .....	X	.....	.....	Mr. Higgins .....	X	.....	.....
Mr. Woodall .....	X	.....	.....	Ms. DelBene .....	X	.....	.....
Mr. Sanford .....	X	.....	.....	Ms. Wasserman Schultz ....	X	.....	.....
Mr. Brat .....	.....	X	.....	Mr. Boyle .....	X	.....	.....
Mr. Grothman .....	.....	X	.....	Mr. Khanna .....	X	.....	.....
Mr. Palmer .....	.....	X	.....	Ms. Jayapal (Vice Ranking) .....	.....	.....	.....

## ROLL CALL VOTE NO. 16—Continued

Representative	Aye	No	Present	Representative	Aye	No	Present
Mr. Westerman .....	.....	X	.....	Mr. Carbajal .....	X	.....	.....
Mr. Renacci .....	.....	X	.....	Ms. Jackson Lee .....	.....	.....	.....
Mr. Johnson .....	.....	X	.....	Ms. Schakowsky .....	X	.....	.....
Mr. Smith .....	.....	X	.....				
Mr. Lewis .....	X	.....	.....				
Mr. Bergman .....	.....	X	.....				
Mr. Faso .....	.....	X	.....				
Mr. Smucker .....	.....	X	.....				
Mr. Gaetz .....	.....	X	.....				
Mr. Arrington .....	.....	X	.....				
Mr. Ferguson .....	.....	X	.....				

Representatives Jackson Lee and Jayapal asked unanimous consent, after the closing of the vote, that the record reflect they would have voted aye on roll call vote no. 16. There was no objection to these unanimous consent requests.

Vote #17 An amendment offered by Representatives Lujan Grisham, Yarmuth, Lee, Higgins, DelBene, Wasserman Schultz, Boyle, Khanna, Jayapal, Carbajal, Jackson Lee, and Schakowsky to increase budget authority and outlays for Function 300 (Natural Resources) and Function 450 (Community and Regional Development) and increase revenue by an equal amount.

The amendment would increase both budget authority and outlays each for Function 300 by the following amounts: \$750 million for fiscal year 2019, \$750 million for fiscal year 2020, \$750 million for fiscal year 2021, \$750 million for fiscal year 2022, \$750 million for fiscal year 2023, \$750 million for fiscal year 2024, \$750 million for fiscal year 2025, \$750 million for fiscal year 2026, \$750 million for fiscal year 2027, and \$750 million for fiscal year 2028.

The amendment would also increase both budget authority and outlays each for Function 450 by the following amounts: \$250 million for fiscal year 2019, \$250 million for fiscal year 2020, \$250 million for fiscal year 2021, \$250 million for fiscal year 2022, \$250 million for fiscal year 2023, \$250 million for fiscal year 2024, \$250 million for fiscal year 2025, \$250 million for fiscal year 2026, \$250 million for fiscal year 2027, and \$250 million for fiscal year 2028.

The amendment would adjust the aggregate levels of revenue by amounts equal to the aforementioned changes in outlays by partially reversing the 2017 tax reform law (Public Law 115-97), which may include raising the corporate tax rate, raising the individual income tax on the top bracket, or adjusting the estate and gift tax exemption levels.

The amendment was not agreed to by a roll call vote of 11 ayes and 21 noes.

## ROLL CALL VOTE NO. 17

Representative	Aye	No	Present	Representative	Aye	No	Present
Mr. Womack (Chairman) ....	.....	X	.....	Mr. Yarmuth (Ranking) .....	X	.....	.....
Mr. Rokita (Vice Chairman) .....	.....	X	.....	Ms. Lee .....	X	.....	.....
Ms. Black .....	.....	X	.....	Ms. Lujan Grisham .....	X	.....	.....

## ROLL CALL VOTE NO. 17—Continued

Representative	Aye	No	Present	Representative	Aye	No	Present
Mr. Diaz-Balart .....	.....	.....	.....	Mr. Moulton .....	X	.....	.....
Mr. Cole .....	.....	X	.....	Mr. Jeffries .....	.....	.....	.....
Mr. McClintock .....	.....	X	.....	Mr. Higgins .....	X	.....	.....
Mr. Woodall .....	.....	X	.....	Ms. DelBene .....	X	.....	.....
Mr. Sanford .....	.....	X	.....	Ms. Wasserman Schultz .....	X	.....	.....
Mr. Brat .....	.....	X	.....	Mr. Boyle .....	X	.....	.....
Mr. Grothman .....	.....	X	.....	Mr. Khanna .....	X	.....	.....
Mr. Palmer .....	.....	X	.....	Ms. Jayapal (Vice Ranking) .....	.....	.....	.....
Mr. Westerman .....	.....	X	.....	Mr. Carbajal .....	X	.....	.....
Mr. Renacci .....	.....	X	.....	Ms. Jackson Lee .....	.....	.....	.....
Mr. Johnson .....	.....	X	.....	Ms. Schakowsky .....	X	.....	.....
Mr. Smith .....	.....	X	.....				
Mr. Lewis .....	.....	X	.....				
Mr. Bergman .....	.....	X	.....				
Mr. Faso .....	.....	X	.....				
Mr. Smucker .....	.....	X	.....				
Mr. Gaetz .....	.....	X	.....				
Mr. Arrington .....	.....	X	.....				
Mr. Ferguson .....	.....	X	.....				

Representatives Jackson Lee and Jayapal asked unanimous consent, after the closing of the vote, that the record reflect they would have voted aye on roll call vote no. 17. There was no objection to these unanimous consent requests.

Vote #18: An amendment offered by Representatives Moulton, Yarmuth, Lee, Lujan Grisham, Jeffries, Higgins, DelBene, Wasserman Schultz, Boyle, Khanna, Jayapal, Jackson Lee, and Schakowsky to increase budget authority and outlays for Function 500 (Education, Training and Employment, and Social Services) and revenue by an equal amount.

The amendment would increase budget authority for Function 500 by \$25 million for fiscal year 2019. Outlays for Function 500 would increase by the following amounts: \$14 million for fiscal year 2019, \$7 million for fiscal year 2020, \$2 million for fiscal year 2021, \$1 million for fiscal year 2022, and \$1 million for fiscal year 2023.

The amendment would adjust the aggregate levels of revenue by amounts equal to the aforementioned changes in outlays by partially reversing the 2017 tax reform law (Public Law 115–97), which may include raising the corporate tax rate, raising the individual income tax on the top bracket, or adjusting the estate and gift tax exemption levels. The amendment was not agreed to by a roll call vote of 13 ayes and 20 noes.

## ROLL CALL VOTE NO. 18

Representative	Aye	No	Present	Representative	Aye	No	Present
Mr. Womack (Chairman) ....	.....	X	.....	Mr. Yarmuth (Ranking) .....	X	.....	.....
Mr. Rokita (Vice Chairman) .....	.....	X	.....	Ms. Lee .....	X	.....	.....
Ms. Black .....	.....	X	.....	Ms. Lujan Grisham .....	X	.....	.....
Mr. Diaz-Balart .....	.....	.....	.....	Mr. Moulton .....	X	.....	.....
Mr. Cole .....	.....	X	.....	Mr. Jeffries .....	.....	.....	.....
Mr. McClintock .....	.....	X	.....	Mr. Higgins .....	X	.....	.....
Mr. Woodall .....	.....	X	.....	Ms. DelBene .....	X	.....	.....



## ROLL CALL VOTE NO. 18—Continued

Representative	Aye	No	Present	Representative	Aye	No	Present
Mr. Sanford .....	.....	X	.....	Ms. Wasserman Schultz ....	X	.....	.....
Mr. Brat .....	.....	X	.....	Mr. Boyle .....	X	.....	.....
Mr. Grothman .....	.....	.....	.....	Mr. Khanna .....	X	.....	.....
Mr. Palmer .....	.....	X	.....	Ms. Jayapal (Vice Ranking)	X	.....	.....
Mr. Westerman .....	.....	X	.....	Mr. Carbajal .....	X	.....	.....
Mr. Renacci .....	.....	X	.....	Ms. Jackson Lee .....	X	.....	.....
Mr. Johnson .....	.....	X	.....	Ms. Schakowsky .....	X	.....	.....
Mr. Smith .....	.....	X	.....	.			
Mr. Lewis .....	.....	X	.....	.			
Mr. Bergman .....	.....	X	.....	.			
Mr. Faso .....	.....	X	.....	.			
Mr. Smucker .....	.....	X	.....	.			
Mr. Gaetz .....	.....	X	.....	.			
Mr. Arrington .....	.....	X	.....	.			
Mr. Ferguson .....	.....	X	.....	.			

Representative Grothman asked unanimous consent, after the closing of the vote, that the record reflect he would have voted no on roll call vote no. 18. There was no objection to the unanimous consent request.

Vote #19: An amendment offered by Representatives DelBene, Yarmuth, Lee, Lujan Grisham, Moulton, Higgins, Wasserman Schultz, Boyle, Khanna, Jayapal, Carbajal, Jackson Lee, and Schakowsky to insert a deficit neutral reserve fund to improve the economy and create jobs in under-served areas.

The amendment was not agreed to by a roll call vote of 13 ayes and 21 noes.

## ROLL CALL VOTE NO. 19

Representative	Aye	No	Present	Representative	Aye	No	Present
Mr. Womack (Chairman) ....	.....	X	.....	Mr. Yarmuth (Ranking) .....	X	.....	.....
Mr. Rokita (Vice Chairman) .....	.....	X	.....	Ms. Lee .....	X	.....	.....
Ms. Black .....	.....	X	.....	Ms. Lujan Grisham .....	X	.....	.....
Mr. Diaz-Balart .....	.....	.....	.....	Mr. Moulton .....	X	.....	.....
Mr. Cole .....	.....	X	.....	Mr. Jeffries .....	.....	.....	.....
Mr. McClintock .....	.....	X	.....	Mr. Higgins .....	X	.....	.....
Mr. Woodall .....	.....	X	.....	Ms. DelBene .....	X	.....	.....
Mr. Sanford .....	.....	X	.....	Ms. Wasserman Schultz ....	X	.....	.....
Mr. Brat .....	.....	X	.....	Mr. Boyle .....	X	.....	.....
Mr. Grothman .....	.....	X	.....	Mr. Khanna .....	X	.....	.....
Mr. Palmer .....	.....	X	.....	Ms. Jayapal (Vice Ranking)	X	.....	.....
Mr. Westerman .....	.....	X	.....	Mr. Carbajal .....	X	.....	.....
Mr. Renacci .....	.....	X	.....	Ms. Jackson Lee .....	X	.....	.....
Mr. Johnson .....	.....	X	.....	Ms. Schakowsky .....	X	.....	.....
Mr. Smith .....	.....	X	.....	.			
Mr. Lewis .....	.....	X	.....	.			
Mr. Bergman .....	.....	X	.....	.			
Mr. Faso .....	.....	X	.....	.			
Mr. Smucker .....	.....	X	.....	.			
Mr. Gaetz .....	.....	X	.....	.			
Mr. Arrington .....	.....	X	.....	.			
Mr. Ferguson .....	.....	X	.....	.			

Vote #20: An amendment offered by Representatives Boyle, Yarmuth, Lee, Lujan Grisham, Higgins, DelBene, Wasserman Schultz, Khanna, Jayapal, Carbajal, Jackson Lee, and Schakowsky to increase budget authority and outlays for Function 500 (Education, Training, Employment, and Social Services) for Pell Grants and increase revenue by an equal amount.

The amendment would increase budget authority for Function 500 by the following amounts: \$17.873 billion for fiscal year 2019, \$22.618 billion for fiscal year 2020, \$24.585 billion for fiscal year 2021, \$27.136 billion for fiscal year 2022, \$29.770 billion for fiscal year 2023, \$32.616 billion for fiscal year 2024, \$35.609 billion for fiscal year 2025, \$38.760 billion for fiscal year 2026, \$41.822 billion for fiscal year 2027, and \$44.486 billion for fiscal year 2028.

Outlays for Function 500 would increase by the following amounts: \$8.017 billion for fiscal year 2019, \$19.467 billion for fiscal year 2020, \$22.490 billion for fiscal year 2021, \$24.503 billion for fiscal year 2022, \$26.952 billion for fiscal year 2023, \$29.517 billion for fiscal year 2024, \$32.141 billion for fiscal year 2025, \$35.122 billion for fiscal year 2026, \$38.029 billion for fiscal year 2027, and \$40.707 billion for fiscal year 2028.

The amendment would adjust the aggregate levels of revenue by amounts equal to the aforementioned changes in outlays by partially reversing the 2017 tax reform law (Public Law 115-97), which may include raising the corporate tax rate, raising the individual income tax on the top bracket, or adjusting the estate and gift tax exemption levels.

The amendment was not agreed to by a roll call vote of 13 ayes and 21 noes.

## ROLL CALL VOTE NO. 20

Representative	Aye	No	Present	Representative	Aye	No	Present
Mr. Womack (Chairman) ....	.....	X	.....	Mr. Yarmuth (Ranking) .....	X	.....	.....
Mr. Rokita (Vice Chairman) .....	.....	X	.....	Ms. Lee .....	X	.....	.....
Ms. Black .....	.....	X	.....	Ms. Lujan Grisham .....	X	.....	.....
Mr. Diaz-Balart .....	.....	.....	.....	Mr. Moulton .....	X	.....	.....
Mr. Cole .....	.....	X	.....	Mr. Jeffries .....	.....	.....	.....
Mr. McClintock .....	.....	X	.....	Mr. Higgins .....	X	.....	.....
Mr. Woodall .....	.....	X	.....	Ms. DelBene .....	X	.....	.....
Mr. Sanford .....	.....	X	.....	Ms. Wasserman Schultz ....	X	.....	.....
Mr. Brat .....	.....	X	.....	Mr. Boyle .....	X	.....	.....
Mr. Grothman .....	.....	X	.....	Mr. Khanna .....	X	.....	.....
Mr. Palmer .....	.....	X	.....	Ms. Jayapal (Vice Ranking) ..	X	.....	.....
Mr. Westerman .....	.....	X	.....	Mr. Carbajal .....	X	.....	.....
Mr. Renacci .....	.....	X	.....	Ms. Jackson Lee .....	X	.....	.....
Mr. Johnson .....	.....	X	.....	Ms. Schakowsky .....	X	.....	.....
Mr. Smith .....	.....	X	.....	.			
Mr. Lewis .....	.....	X	.....	.			
Mr. Bergman .....	.....	X	.....	.			
Mr. Faso .....	.....	X	.....	.			
Mr. Smucker .....	.....	X	.....	.			
Mr. Gaetz .....	.....	X	.....	.			
Mr. Arrington .....	.....	X	.....	.			
Mr. Ferguson .....	.....	X	.....	.			

Vote #21: An amendment offered by Representatives Wasserman Schultz, Yarmuth, Lee, Lujan Grisham, Moulton, Higgins, DelBene, Boyle, Khanna, Jayapal, Carbajal, Jackson Lee, and Schakowsky to insert a policy statement on climate change.

The amendment was not agreed to by a roll call vote of 13 ayes and 21 noes.

## ROLL CALL VOTE NO. 21

Representative	Aye	No	Present	Representative	Aye	No	Present
Mr. Womack (Chairman) ....	.....	X	.....	Mr. Yarmuth (Ranking) .....	X	.....	.....
Mr. Rokita (Vice Chairman) .....	.....	X	.....	Ms. Lee .....	X	.....	.....
Ms. Black .....	.....	X	.....	Ms. Lujan Grisham .....	X	.....	.....
Mr. Diaz-Balart .....	.....	.....	.....	Mr. Moulton .....	X	.....	.....
Mr. Cole .....	.....	X	.....	Mr. Jeffries .....	.....	.....	.....
Mr. McClintock .....	.....	X	.....	Mr. Higgins .....	X	.....	.....
Mr. Woodall .....	.....	X	.....	Ms. DelBene .....	X	.....	.....
Mr. Sanford .....	.....	X	.....	Ms. Wasserman Schultz ....	X	.....	.....
Mr. Brat .....	.....	X	.....	Mr. Boyle .....	X	.....	.....
Mr. Grothman .....	.....	X	.....	Mr. Khanna .....	X	.....	.....
Mr. Palmer .....	.....	X	.....	Ms. Jayapal (Vice Ranking) ..	X	.....	.....
Mr. Westerman .....	.....	X	.....	Mr. Carbajal .....	X	.....	.....
Mr. Renacci .....	.....	X	.....	Ms. Jackson Lee .....	X	.....	.....
Mr. Johnson .....	.....	X	.....	Ms. Schakowsky .....	X	.....	.....
Mr. Smith .....	.....	X	.....	.			
Mr. Lewis .....	.....	X	.....	.			
Mr. Bergman .....	.....	X	.....	.			
Mr. Faso .....	.....	X	.....	.			
Mr. Smucker .....	.....	X	.....	.			
Mr. Gaetz .....	.....	X	.....	.			
Mr. Arrington .....	.....	X	.....	.			
Mr. Ferguson .....	.....	X	.....	.			

Vote #22: An amendment offered by Representatives Khanna, Yarmuth, Lee, Moulton, Higgins, DelBene, Wasserman Schultz, Boyle, Jayapal, Jackson Lee, and Schakowsky to insert a policy statement on diplomatic and foreign aid operations.

The amendment was not agreed to by a roll call vote of 13 ayes and 21 noes.

## ROLL CALL VOTE NO. 22

Representative	Aye	No	Present	Representative	Aye	No	Present
Mr. Womack (Chairman) ....	.....	X	.....	Mr. Yarmuth (Ranking) .....	X	.....	.....
Mr. Rokita (Vice Chairman) .....	.....	X	.....	Ms. Lee .....	X	.....	.....
Ms. Black .....	.....	X	.....	Ms. Lujan Grisham .....	X	.....	.....
Mr. Diaz-Balart .....	.....	.....	.....	Mr. Moulton .....	X	.....	.....
Mr. Cole .....	.....	X	.....	Mr. Jeffries .....	.....	.....	.....
Mr. McClintock .....	.....	X	.....	Mr. Higgins .....	X	.....	.....
Mr. Woodall .....	.....	X	.....	Ms. DelBene .....	X	.....	.....
Mr. Sanford .....	.....	X	.....	Ms. Wasserman Schultz ....	X	.....	.....
Mr. Brat .....	.....	X	.....	Mr. Boyle .....	X	.....	.....
Mr. Grothman .....	.....	X	.....	Mr. Khanna .....	X	.....	.....
Mr. Palmer .....	.....	X	.....	Ms. Jayapal (Vice Ranking) ..	X	.....	.....
Mr. Westerman .....	.....	X	.....	Mr. Carbajal .....	X	.....	.....
Mr. Renacci .....	.....	X	.....	Ms. Jackson Lee .....	X	.....	.....
Mr. Johnson .....	.....	X	.....	Ms. Schakowsky .....	X	.....	.....

## ROLL CALL VOTE NO. 22—Continued

Representative	Aye	No	Present	Representative	Aye	No	Present
Mr. Smith .....	.....	X	.....				
Mr. Lewis .....	.....	X	.....				
Mr. Bergman .....	.....	X	.....				
Mr. Faso .....	.....	X	.....				
Mr. Smucker .....	.....	X	.....				
Mr. Gaetz .....	.....	X	.....				
Mr. Arrington .....	.....	X	.....				
Mr. Ferguson .....	.....	X	.....				

**Vote #23:** An amendment offered by Representatives Carbajal, Yarmuth, Lee, Higgins, DelBene, Wasserman Schultz, Boyle, Khanna, Jayapal, Jackson Lee, and Schakowsky to increase budget authority and outlays for Function 700 (Veterans Benefits and Services) and revenue by an equal amount.

The amendment would increase both budget authority and outlays for Function 700 each by the following amounts: \$462 million for fiscal year 2019, \$1.715 billion for fiscal year 2020, \$2.972 billion for fiscal year 2021, \$4.489 billion for fiscal year 2022, \$5.691 billion for fiscal year 2023, \$6.652 billion for fiscal year 2024, \$7.631 billion for fiscal year 2025, \$8.635 billion for fiscal year 2026, \$9.629 billion for fiscal year 2027, and \$11.041 billion for fiscal year 2028.

The amendment would adjust the aggregate levels of revenue by amounts equal to the aforementioned changes in outlays by partially reversing the 2017 tax reform law (Public Law 115–97), which may include raising the corporate tax rate, raising the individual income tax on the top bracket, or adjusting the estate and gift tax exemption levels.

The amendment would also insert a policy statement on veterans' health care.

The amendment was not agreed to by a roll call vote of 13 ayes and 21 noes.

## ROLL CALL VOTE NO. 23

Representative	Aye	No	Present	Representative	Aye	No	Present
Mr. Womack (Chairman) ....	.....	X	.....	Mr. Yarmuth (Ranking) .....	X	.....	.....
Mr. Rokita (Vice Chairman) .....	.....	X	.....	Ms. Lee .....	X	.....	.....
Ms. Black .....	.....	X	.....	Ms. Lujan Grisham .....	X	.....	.....
Mr. Diaz-Balart .....	.....	.....	.....	Mr. Moulton .....	X	.....	.....
Mr. Cole .....	.....	X	.....	Mr. Jeffries .....	.....	.....	.....
Mr. McClintock .....	.....	X	.....	Mr. Higgins .....	X	.....	.....
Mr. Woodall .....	.....	X	.....	Ms. DelBene .....	X	.....	.....
Mr. Sanford .....	.....	X	.....	Ms. Wasserman Schultz ....	X	.....	.....
Mr. Brat .....	.....	X	.....	Mr. Boyle .....	X	.....	.....
Mr. Grothman .....	.....	X	.....	Mr. Khanna .....	X	.....	.....
Mr. Palmer .....	.....	X	.....	Ms. Jayapal (Vice Ranking) ..	X	.....	.....
Mr. Westerman .....	.....	X	.....	Mr. Carbajal .....	X	.....	.....
Mr. Renacci .....	.....	X	.....	Ms. Jackson Lee .....	X	.....	.....
Mr. Johnson .....	.....	X	.....	Ms. Schakowsky .....	X	.....	.....
Mr. Smith .....	.....	X	.....				
Mr. Lewis .....	.....	X	.....				
Mr. Bergman .....	.....	X	.....				

## ROLL CALL VOTE NO. 23—Continued

Representative	Aye	No	Present	Representative	Aye	No	Present
Mr. Faso .....	.....	X	.....				
Mr. Smucker .....	.....	X	.....				
Mr. Gaetz .....	.....	X	.....				
Mr. Arrington .....	.....	X	.....				
Mr. Ferguson .....	.....	X	.....				

Vote #24: An amendment offered by Representatives Jackson Lee, Yarmuth, Lee, Moulton, Higgins, DelBene, Wasserman Schultz, Boyle, Khanna, Jayapal, and Schakowsky to insert a policy statement ensuring adequate funding for the Special Counsel investigation of Russian interference in the 2016 U.S. presidential election. This amendment requests additional funding for the Department of Justice.

The amendment was not agreed to by a roll call vote of 13 ayes and 21 noes.

## ROLL CALL VOTE NO. 24

Representative	Aye	No	Present	Representative	Aye	No	Present
Mr. Womack (Chairman) ....	.....	X	.....	Mr. Yarmuth (Ranking) .....	X	.....	.....
Mr. Rokita (Vice Chairman) .....	.....	X	.....	Ms. Lee .....	X	.....	.....
Ms. Black .....	.....	X	.....	Ms. Lujan Grisham .....	X	.....	.....
Mr. Diaz-Balart .....	.....	.....	.....	Mr. Moulton .....	X	.....	.....
Mr. Cole .....	.....	X	.....	Mr. Jeffries .....	.....	.....	.....
Mr. McClintock .....	.....	X	.....	Mr. Higgins .....	X	.....	.....
Mr. Woodall .....	.....	X	.....	Ms. DelBene .....	X	.....	.....
Mr. Sanford .....	.....	X	.....	Ms. Wasserman Schultz ....	X	.....	.....
Mr. Brat .....	.....	X	.....	Mr. Boyle .....	X	.....	.....
Mr. Grothman .....	.....	X	.....	Mr. Khanna .....	X	.....	.....
Mr. Palmer .....	.....	X	.....	Ms. Jayapal (Vice Ranking) ..	X	.....	.....
Mr. Westerman .....	.....	X	.....	Mr. Carbajal .....	X	.....	.....
Mr. Renacci .....	.....	X	.....	Ms. Jackson Lee .....	X	.....	.....
Mr. Johnson .....	.....	X	.....	Ms. Schakowsky .....	X	.....	.....
Mr. Smith .....	.....	X	.....				
Mr. Lewis .....	.....	X	.....				
Mr. Bergman .....	.....	X	.....				
Mr. Faso .....	.....	X	.....				
Mr. Smucker .....	.....	X	.....				
Mr. Gaetz .....	.....	X	.....				
Mr. Arrington .....	.....	X	.....				
Mr. Ferguson .....	.....	X	.....				

Vote #25: An amendment offered by Representatives Schakowsky, Yarmuth, Lee, Lujan Grisham, Jeffries, Higgins, DelBene, Wasserman Schultz, Khanna, Jayapal, Carbajal, and Jackson Lee to insert a policy statement on reducing prescription drug costs.

The amendment was not agreed to by a roll call vote of 13 ayes and 21 noes.

## ROLL CALL VOTE NO. 25

Representative	Aye	No	Present	Representative	Aye	No	Present
Mr. Womack (Chairman) ....	.....	X	.....	Mr. Yarmuth (Ranking) .....	X	.....	.....
Mr. Rokita (Vice Chairman) .....	.....	X	.....	Ms. Lee .....	X	.....	.....
Ms. Black .....	.....	X	.....	Ms. Lujan Grisham .....	X	.....	.....
Mr. Diaz-Balart .....	.....	.....	.....	Mr. Moulton .....	X	.....	.....
Mr. Cole .....	.....	X	.....	Mr. Jeffries .....	.....	.....	.....
Mr. McClintock .....	.....	X	.....	Mr. Higgins .....	X	.....	.....
Mr. Woodall .....	.....	X	.....	Ms. DelBene .....	X	.....	.....
Mr. Sanford .....	.....	X	.....	Ms. Wasserman Schultz ....	X	.....	.....
Mr. Brat .....	.....	X	.....	Mr. Boyle .....	X	.....	.....
Mr. Grothman .....	.....	X	.....	Mr. Khanna .....	X	.....	.....
Mr. Palmer .....	.....	X	.....	Ms. Jayapal (Vice Ranking) ..	X	.....	.....
Mr. Westerman .....	.....	X	.....	Mr. Carbajal .....	X	.....	.....
Mr. Renacci .....	.....	X	.....	Ms. Jackson Lee .....	X	.....	.....
Mr. Johnson .....	.....	X	.....	Ms. Schakowsky .....	X	.....	.....
Mr. Smith .....	.....	X	.....	.			
Mr. Lewis .....	.....	X	.....	.			
Mr. Bergman .....	.....	X	.....	.			
Mr. Faso .....	.....	X	.....	.			
Mr. Smucker .....	.....	X	.....	.			
Mr. Gaetz .....	.....	X	.....	.			
Mr. Arrington .....	.....	X	.....	.			
Mr. Ferguson .....	.....	X	.....	.			

Vote #26: An amendment offered by Representatives Jayapal, Yarmuth, Lee, Lujan Grisham, Higgins, DelBene, Wasserman Schultz, Khanna, Carbajal, Jackson Lee, and Schakowsky to insert a policy statement to ensure an accurate decennial census count.

The amendment was not agreed to by a roll call vote of 13 ayes and 21 noes.

## ROLL CALL VOTE NO. 26

Representative	Aye	No	Present	Representative	Aye	No	Present
Mr. Womack (Chairman) ....	.....	X	.....	Mr. Yarmuth (Ranking) .....	X	.....	.....
Mr. Rokita (Vice Chairman) .....	.....	X	.....	Ms. Lee .....	X	.....	.....
Ms. Black .....	.....	X	.....	Ms. Lujan Grisham .....	X	.....	.....
Mr. Diaz-Balart .....	.....	.....	.....	Mr. Moulton .....	X	.....	.....
Mr. Cole .....	.....	X	.....	Mr. Jeffries .....	.....	.....	.....
Mr. McClintock .....	.....	X	.....	Mr. Higgins .....	X	.....	.....
Mr. Woodall .....	.....	X	.....	Ms. DelBene .....	X	.....	.....
Mr. Sanford .....	.....	X	.....	Ms. Wasserman Schultz ....	X	.....	.....
Mr. Brat .....	.....	X	.....	Mr. Boyle .....	X	.....	.....
Mr. Grothman .....	.....	X	.....	Mr. Khanna .....	X	.....	.....
Mr. Palmer .....	.....	X	.....	Ms. Jayapal (Vice Ranking) ..	X	.....	.....
Mr. Westerman .....	.....	X	.....	Mr. Carbajal .....	X	.....	.....
Mr. Renacci .....	.....	X	.....	Ms. Jackson Lee .....	X	.....	.....
Mr. Johnson .....	.....	X	.....	Ms. Schakowsky .....	X	.....	.....
Mr. Smith .....	.....	X	.....	.			
Mr. Lewis .....	.....	X	.....	.			
Mr. Bergman .....	.....	X	.....	.			
Mr. Faso .....	.....	X	.....	.			
Mr. Smucker .....	.....	X	.....	.			
Mr. Gaetz .....	.....	X	.....	.			
Mr. Arrington .....	.....	X	.....	.			

## ROLL CALL VOTE NO. 26—Continued

Representative	Aye	No	Present	Representative	Aye	No	Present
Mr. Ferguson .....	.....	X	.....				

Vote #27: An amendment offered by Representative McClintock to amend section 201 of the Chairman's Mark. The amendment was not agreed to by voice vote.

Vote #28: Representative Rokita made a motion that the Committee adopt the aggregates, functional categories, and other appropriate matter. The motion offered by Representative Rokita was agreed to by voice vote.

Chairman Womack called up the Concurrent Resolution on the Budget for Fiscal Year 2019 incorporating the aggregates, function totals, and other appropriate matters as previously agreed.

Vote #29: Representative Rokita made a motion that the Committee order the Concurrent Resolution reported with a favorable recommendation and that the Concurrent Resolution do pass.

The motion offered by Representative Rokita was agreed to by a roll call vote of 21 ayes to 13 noes.

## ROLL CALL VOTE NO. 29

Representative	Aye	No	Present	Representative	Aye	No	Present
Mr. Womack (Chairman) ....	X	.....	.....	Mr. Yarmuth (Ranking) .....	.....	X	.....
Mr. Rokita (Vice Chairman) ..	X	.....	.....	Ms. Lee .....	.....	X	.....
Ms. Black .....	X	.....	.....	Ms. Lujan Grisham .....	.....	X	.....
Mr. Diaz-Balart .....	.....	.....	.....	Mr. Moulton .....	.....	X	.....
Mr. Cole .....	X	.....	.....	Mr. Jeffries .....	.....	.....	.....
Mr. McClintock .....	X	.....	.....	Mr. Higgins .....	.....	X	.....
Mr. Woodall .....	X	.....	.....	Ms. DelBene .....	.....	X	.....
Mr. Sanford .....	X	.....	.....	Ms. Wasserman Schultz ....	.....	X	.....
Mr. Brat .....	X	.....	.....	Mr. Boyle .....	.....	X	.....
Mr. Grothman .....	X	.....	.....	Mr. Khanna .....	.....	X	.....
Mr. Palmer .....	X	.....	.....	Ms. Jayapal (Vice Ranking) ..	.....	X	.....
Mr. Westerman .....	X	.....	.....	Mr. Carbajal .....	.....	X	.....
Mr. Renacci .....	X	.....	.....	Ms. Jackson Lee .....	.....	X	.....
Mr. Johnson .....	X	.....	.....	Ms. Schakowsky .....	.....	X	.....
Mr. Smith .....	X	.....	.....				
Mr. Lewis .....	X	.....	.....				
Mr. Bergman .....	X	.....	.....				
Mr. Faso .....	X	.....	.....				
Mr. Smucker .....	X	.....	.....				
Mr. Gaetz .....	X	.....	.....				
Mr. Arrington .....	X	.....	.....				
Mr. Ferguson .....	X	.....	.....				

Representative Rokita asked for unanimous consent that the Chairman be authorized to offer such motions in the House as may be necessary to go to conference pursuant to clause 1 of House Rule XXII, the staff be authorized to make any necessary technical and conforming corrections in the resolution, and calculate any remaining elements required in the resolution, prior to filing the resolution.

There was no objection to the unanimous consent requests.





## **AMENDMENTS CONSIDERED BY THE COMMITTEE ON THE BUDGET**

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During consideration of the budget resolution, the Committee considered 26 amendments. Fourteen of those amendments proposed to increase revenues (taxes) and increase spending. Frequently, the same assumptions were made with respect to the revenue increases, namely reversing the 2017 tax reform law (Public Law 115–97), which may include raising the corporate tax rate, raising the individual income tax on the top bracket, or adjusting the estate and gift tax exemption levels. The amendments the Committee defeated would have the effect of hampering one or more of the following goals in the resolution: reducing spending, balancing the budget, reforming and strengthening federal programs, and promoting economic growth. The rationale for rejecting some of these amendments follows.

### **AN AMENDMENT TO REJECT THE AMERICAN HEALTH CARE ACT**

Representative Janice Schakowsky (D–IL) offered an amendment that would have removed the budget’s assumption of the American Health Care Act and any associated health care policy changes associated with it, effectively restoring the Patient Protection and Affordable Care Act in the budget. The amendment would have increased budget authority and outlays for Function 550 by \$1.3 trillion over the budget window. Added spending was intended to be offset by partially reversing the Tax Cuts and Jobs Act; this may have included adjusting the corporate tax rate, the individual income tax on the top bracket, or the estate and gift tax exemption levels.

The Committee defeated this amendment by a vote of 12 to 21. The current position of the House of Representatives is supportive of both the American Health Care Act and of the Tax Cuts and Jobs Act. During the budget markup, Committee Members asserted that due to skyrocketing premiums and deductibles, the Affordable Care Act is not “affordable care” and does not provide Americans with access to care. Contrary to the amendment sponsor’s statement, Committee Members noted that the American Health Care Act does in fact cover those with pre-existing conditions. Furthermore, the amendment would roll back portions of the Tax Cuts and Jobs Act to offset the increased spending, which would be counterproductive and detrimental to the nation’s workforce and economy. The Tax Cuts and Jobs Act is working and should be allowed to continue delivering benefits to the American people. For these reasons, the Committee did not agree to the amendment.

## AN AMENDMENT RELATED TO MEDICAID

Representative Sheila Jackson Lee (D-TX) offered an amendment that would have removed the Medicaid reforms recommended in the budget resolution, including the per capita cap structure of the American Health Care Act and the new work requirements. The amendment would have added language to the committee report that reinforces the existing, open-ended structure of Medicaid and rejects any changes to the program. Within Function 550, the amendment would have increased mandatory budget authority and outlays by \$1.116 trillion over the budget window. Added spending was intended to be offset by partially reversing the Tax Cuts and Jobs Act; this may have included adjusting the corporate tax rate, the individual income tax on the top bracket, or the estate and gift tax exemption levels.

The Committee defeated the amendment by a vote of 13 to 21. Members of the Committee concurred that Medicaid is a vital safety net program for America's most vulnerable. During debate, Committee Members reinforced the budget's priority to focus limited resources on those truly in need—including low-income children, the blind, the disabled, and the elderly. A number of Committee Members also acknowledged the long wait times, high level of improper payments, and poor access to care associated with the current structure of the Medicaid program. The funding of this amendment would be offset by reversing policies within the 2017 tax reform bill, which would be counterproductive and detrimental to the nation's workforce and economy. The Tax Cuts and Jobs Act is working and should be allowed to continue delivering benefits to the American people. For these reasons, the Committee did not agree to the amendment.

## AN AMENDMENT RELATED TO NUTRITION ASSISTANCE

Representative Suzan DelBene (D-WA) offered an amendment to the budget resolution that would increase budget authority and outlays for Function 600 Income Security by \$157 billion in rejection to Supplemental Nutrition Assistance Program (SNAP) reforms. It would roll back portions of the Tax Cuts and Jobs Act to offset the increased spending and ensure SNAP remains in its current structure, essentially reversing all of the reform policies proposed in the budget.

The Committee defeated this amendment by a vote of 9 to 16. Since 2002, spending on SNAP has increased from \$21 billion to \$70 billion in 2017. However, states currently have little incentive to responsibly steward taxpayer dollars dedicated to SNAP. The federal government pays 100 percent of the benefits, while the states simply act as program administrators. The budget calls for policies to make SNAP work more efficiently and effectively for states and their recipients. In contrast, this amendment would continue the status quo of prohibiting state policymakers from adopting improvements to the SNAP program. Instead of chasing higher spending with even higher taxes, policymakers need to reconsider the current approach to fighting poverty. The goal of anti-poverty programs should be to lift Americans out of poverty, not create a cycle of dependency on the federal government. Furthermore, the

amendment would roll back portions of the Tax Cuts and Jobs Act to offset the increased spending, which would be counterproductive and detrimental to the nation's workforce and economy. The Tax Cuts and Jobs Act is working and should be allowed to continue delivering benefits to the American people. For these reasons, the Committee did not agree to the amendment.

#### AN AMENDMENT RELATED TO IMMIGRATION REFORM AND DACA RECIPIENTS

Representative Pramila Jayapal (D-WA) offered an amendment that would increase revenue and budget authority to reflect the adoption of H.R. 15, the Border Security, Economic Opportunity, and Immigration Modernization Act. It would also add a policy statement calling for enactment of H.R. 3440, the Dream Act.

The Committee defeated the amendment by a vote of 13 to 21. Chairman Womack argued that while the amendment raised an important dialogue about immigration policy in our country, changes to existing policy should be considered in the Committees on the Judiciary and Homeland Security. Chairman Womack stated, "While I know our Democratic colleagues are sincere in their efforts to change these policies, I do not believe the budget resolution, nor the Budget Committee, are the appropriate venues for doing so." Chairman Womack further explained that adoption of the amendment would distract from the critical overall objective of the budget resolution to address the long-term drivers of America's debt and deficits. For these reasons, the Committee did not agree to the amendment.

#### AN AMENDMENT RELATED TO FUNDING FOR ANTI-POVERTY PROGRAMS

Representative Barbara Lee (D-CA) offered an amendment that would increase spending for anti-poverty programs. The increase in spending is offset by partially reversing the 2017 tax reform law.

The Committee defeated this amendment by a vote of 13 to 21. The budget assumes several policies that would ensure Americans graduate from welfare, such as work requirements for able-bodied adults and outcome-based programs. The surest way to break the cycle of dependency is to encourage individuals to work and to help them stay employed. The amendment continued the poor practice of measuring success by the number of dollars spent rather than the number of people lifted out of poverty. Lastly, the funding of this amendment would be offset by reversing policies within the 2017 tax reform bill, which would be counterproductive and detrimental to the nation's workforce and economy. The Tax Cuts and Jobs Act is working and should be allowed to continue delivering benefits to the American people. For these reasons, the Committee did not agree to the amendment.

#### AN AMENDMENT RELATED TO MEDICARE

Representative Brendan Boyle (D-PA) offered an amendment that would replace the Medicare policy statement in the Chairman's Mark with a new policy statement stating that Congress should not turn Medicare into a voucher program, should not in-

crease costs for seniors, and should not “weaken the traditional Medicare program.”

The Committee defeated this amendment by a vote of 12 to 20. Because of rising health care costs and demographic changes, CBO projects that the Medicare program will be insolvent by 2026. Inaction is not an option; it will only hasten the insolvency of Medicare which will result in a reduction in scheduled benefits. The Medicare reforms called for in the budget save and strengthen Medicare by putting the program on a fiscally sustainable path. Seniors would choose from a list of Medicare-approved private plans competing with the fee-for-service program so seniors have a range of coverage options, regardless of health status or pre-existing conditions. Furthermore, government payments would be adjusted so beneficiaries most in need would receive more financial assistance as conditions worsened, and lower-income seniors would receive additional support to help cover premiums and out-of-pocket costs. The traditional Medicare program would permanently remain an option—for all seniors, current and future—in the budget. Those in and near retirement will have the same program as they have today, with no changes to the current benefit structure. The real threat to the Medicare guarantee is the status quo. For these reasons, the Committee did not agree to the amendment.

#### AN AMENDMENT RELATED TO SOCIAL SECURITY BENEFITS

Representative Debbie Wasserman Schultz (D-FL) offered an amendment that would add a policy statement to the budget resolution on Social Security to protect the program from any reduction in benefits.

The Committee defeated this amendment by a vote of 13 to 21. Committee Members argued that the amendment is unnecessary because the budget resolution already has a policy statement on Social Security to protect the program for current and future retirees. Because of an aging population, CBO projects that Social Security is on track to become insolvent in 2031. At this time, projections show that only 70 percent of the program’s scheduled benefits could be covered. This amendment does nothing to solve the long-term financial and structural challenges facing Social Security. The budget resolution as drafted contains language that highlights the long-term structural and fiscal challenges within the trust fund—challenges that must be addressed in a bipartisan way to protect beneficiaries from imminent reductions in benefits. For these reasons, the Committee did not agree to the amendment.

#### AN AMENDMENT RELATED TO CARRIED INTEREST

Representative John Yarmuth (D-KY) offered an amendment that would have changed the tax treatment of certain earnings as carried interest. Currently, the tax code allows certain private equity asset managers to pay taxes on their compensation as carried interest at the capital gains rate of 20 percent, rather than as regular income at a rate based on the income brackets. The amendment would increase revenues by \$19.5 billion over 10 years to account for this.

The Committee defeated this amendment by a vote of 16 to 18. During markup, Members of the Committee asserted that the Tax

Cuts and Jobs Act is working and should be allowed to continue delivering benefits to the American people, rather than implementing a \$19.5 billion tax increase. The Tax Cuts and Jobs Act addressed carried interest by extending the minimum holding period for capital gains treatment from one year to three years. For these reasons, the Committee did not agree to the amendment.

#### AN AMENDMENT RELATED TO GUN VIOLENCE

Representative Seth Moulton (D-MA) offered an amendment that would increase mandatory spending by \$75 million for the National Instant Criminal Background Check System (NICS). The amendment would offset the proposed mandatory spending increase with revenue increases by repealing portions of the Tax Cuts and Jobs Act.

The Committee defeated the amendment by a vote of 10 to 18. Operated by the Federal Bureau of Investigation (FBI), NICS is a discretionary program funded through the annual appropriations process. This budget provides a 302(a) discretionary spending allocation to the Appropriations Committee, which through its Subcommittee on Commerce, Justice, Science, and Related Agencies, determines funding levels for Department of Justice activities, including NICS. The budget does not recommend any policy options that would impact NICS and assumes full funding for the FBI every year. Committee Members opposed the amendment's call for new mandatory spending for a discretionary program and the proposed use of tax increases as an offset. For these reasons, the Committee did not agree to the amendment.

#### AN AMENDMENT RELATING TO THE EARNED INCOME TAX CREDIT

Representative Ro Khanna (D-CA) offered an amendment that would have added a deficit-neutral reserve fund to improve or increase the Earned Income Tax Credit and pay for it by partially reversing the tax cuts in the 2017 tax reform law for both corporations and individuals.

The Committee defeated the amendment by a vote of 11 to 17. During the debate, Members argued that the Earned Income Tax Credit program requires substantive reform before consideration of a credit increase. There is considerable fraud and abuse within the program, in addition to a high improper payment rate, according to a report by the Treasury Inspector General for Tax Administration. Members suggested the promotion of work and the removal of the marriage penalty as further possible reforms to the program. Without reforms to the program, Committee Members argued that expansion of the EITC would be irresponsible. For these reasons, the Committee did not agree to the amendment.

#### AN AMENDMENT RELATED TO INFRASTRUCTURE FUNDING

Representative Brian Higgins (D-NY) offered an amendment that would increase Function 920 Allowances budget authority by \$1 trillion and outlays by \$1 trillion over the 10-year budget window to invest in an infrastructure package. The amendment would also reverse policies within the 2017 tax reform legislation to fully offset this cost. Such offsets could include raising the corporate tax

rate and restoring the top individual income tax rate up to the pre-tax reform level.

The Committee defeated the amendment by a vote of 11 to 21. During the debate, Committee Members argued that the budget resolution already contains a deficit neutral reserve fund to accommodate for an infrastructure package, making any increase in budget authority or outlays unnecessary. Furthermore, the Budget Committee remains confident that the efforts between relevant congressional committees and the Executive Branch will produce a fiscally responsible legislative solution for the country's crumbling infrastructure. Lastly, the funding of this amendment would be offset by reversing policies within the 2017 tax reform bill, which would be counterproductive and detrimental to the nation's workforce and economy. The Tax Cuts and Jobs Act is working and should be allowed to continue delivering benefits to the American people. For these reasons, the Committee did not agree to the amendment.

#### AN AMENDMENT RELATED TO TRANSPORTATION AND INFRASTRUCTURE SPENDING

Representative Salud Carbajal (D-CA) offered an amendment that would increase Function 400 Transportation budget authority by \$66 billion and outlays by \$115.5 billion over the 10-year budget window. Added spending for this initiative is offset by partially reversing the 2017 tax reform law.

The Committee defeated the amendment by a vote of 11 to 21. The budget contains a deficit neutral reserve fund in anticipation of an infrastructure package, making any spending increase to Function 400 unnecessary. Moreover, the Budget Committee remains confident that the efforts between both the Legislative Branch and the Executive Branch will produce a fiscally responsible solution to properly address the nation's surface transportation system. Lastly, the funding for this amendment would have been offset by partially reversing policies enacted in the 2017 tax reform law. The Tax Cuts and Jobs Act is working and should be allowed to continue delivering benefits to the American people. For these reasons, the Committee did not agree to the amendment.

#### AN AMENDMENT RELATED TO S. 3036 KEEP FAMILIES TOGETHER ACT

Representative Michelle Lujan Grisham (D-NM) offered an amendment that would add a policy statement to the budget resolution calling for Congress to pass S. 3036, Keep Families Together Act. S. 3036 prohibits the Department of Homeland Security, the Department of Justice, and the Department of Health and Human Services from removing a child who is under the age of 18 and has no permanent immigration status from his or her parent or legal guardian at the U.S. border.

The Committee defeated the amendment by a vote of 9 to 16. Chairman Womack argued that while the amendment raised an important dialogue about immigration policy in our country, changes to existing policy should be considered in the Committees on the Judiciary and Homeland Security. Chairman Womack stated, "While I know our Democratic colleagues are sincere in their efforts to change these policies, I do not believe the budget resolution, nor the Budget Committee, are the appropriate venues for

doing so.” Chairman Womack further explained that adoption of the amendment would distract from the critical overall objective of the budget resolution to address the long-term drivers of America’s debt and deficits. For these reasons, the Committee did not agree to the amendment.

#### AN AMENDMENT RELATED TO THE STATE AND LOCAL TAX DEDUCTION

Representative Hakeem Jeffries (D-NY) offered an amendment that would have added a deficit-neutral reserve fund to eliminate the \$10,000 cap for the state and local taxes (SALT) itemized deduction and pay for it by partially reversing the tax cuts in the 2017 tax reform law for both corporations and individuals.

The Committee defeated the amendment by a vote of 11 to 14. During the debate, Committee Members offered evidence of the success of the Tax Cuts and Jobs Act, particularly with regard to the increase in the standard deduction for individual income. Committee Members entered into the record a study by the Tax Policy Center that estimates repealing the SALT deduction cap would result in 96 percent of benefits flowing to the top 20 percent of earners. Members also discussed the value of a Federalist system with respect to taxation and the popularity of states with lower tax rates for residency. For these reasons, the Committee did not agree to the amendment.

#### AN AMENDMENT RELATED TO THE SURVIVOR BENEFIT PLAN AND DEPENDENCY AND INDEMNITY COMPENSATION BENEFIT

Representative John Yarmuth (D-KY) offered an amendment that would increase mandatory spending to ensure all surviving military spouses receive full Survivor Benefit Plan (SBP) annuity payments without any reduction to offset the receipt of veterans Dependency and Indemnity Compensation (DIC).

The Committee defeated this amendment by a vote of 14 to 18. While the amendment raised an important dialogue and serious concerns about SBP and DIC repeal policy, actual changes to the policy must be made by the committee of jurisdiction. During the debate, Committee Members argued that the budget resolution is not the right vehicle to change a policy impacting military surviving spouses and that the issue should be left to the Committee on Armed Services, where the issue is currently being debated. For these reasons, the Committee did not agree to the amendment.

#### AN AMENDMENT RELATED TO OVERSEAS CONTINGENCY OPERATIONS FUNDING

Representative Barbara Lee (D-CA) offered an amendment that would amend the committee report to include a policy assumption eliminating the Overseas Contingency Operations (OCO)/Global War on Terrorism (GWOT) fund and raising the discretionary budgetary caps to fund contingency operations in the base budget.

The Committee defeated the amendment by a vote of 15 to 17. The OCO/GWOT level in the budget resolution is consistent with the Bipartisan Budget Act of 2018, as well as the House-passed National Defense Authorization Act for Fiscal Year 2019. In addition, due to the uncertain nature of global conflicts, OCO/GWOT

funding provides flexibility for the U.S. military to adjust to unforeseen and evolving circumstances related to national security. For these reasons, the Committee did not agree to the amendment.

#### AN AMENDMENT RELATED TO WATER INFRASTRUCTURE FUNDING

Representative Michelle Lujan Grisham (D–NM) offered an amendment that would increase Function 300 Natural Resources and Environment budget authority and outlays by \$7.5 billion and Function 450 Community and Regional Development budget authority and outlays by \$2.5 billion over the budget window. The increased spending levels would go towards building and protecting the country's water infrastructure. Added spending for the amendment is offset by reversing portions of the 2017 tax reform law.

The Committee defeated the amendment by a vote of 11 to 21. During the debate, Committee Members argued the recently House-passed Water Resources Development Act (WRDA) of 2018, an overwhelmingly bipartisan bill, addresses many of the concerns within the amendment's proposal. Additionally, the budget supports water infrastructure programs that are national in scope and federal in responsibility. Lastly, to offset the increased spending, this amendment would partially reversing policies within the 2017 tax law, which would be counterproductive and detrimental to the nation's workforce and economy. The Tax Cuts and Jobs Act is working and should be allowed to continue delivering benefits to the American people. For these reasons, the Committee did not agree to the amendment.

#### AN AMENDMENT RELATED TO FUNDING WORKER EDUCATION AND TRAINING

Representative Seth Moulton (D–MA) offered an amendment that would increase mandatory spending for workforce education and training. The increase in spending is offset by partially reversing the 2017 tax reform law.

The Committee defeated the amendment by a vote of 13 to 20. The amendment would add to the web of duplicative workforce training programs. There are currently 42 training programs administered by the federal government, many of which are uncoordinated, inaccessible, and unaccountable. This amendment would further complicate the maze of programs and bureaucracy by creating yet another program funded with mandatory spending. The budget builds on the Workforce Innovation and Opportunity Act of 2014, which made important efforts to consolidate and streamline workforce training programs. Additionally, the budget appropriately empowers states with the flexibility to tailor funding and programs to specific needs of their workforce. Furthermore, the amendment would roll back portions of the Tax Cuts and Jobs Act to offset the increased spending, which would be counterproductive and detrimental to the nation's workforce and economy. The Tax Cuts and Jobs Act is working and should be allowed to continue delivering benefits to the American people. For these reasons, the Committee did not agree to the amendment.



## AN AMENDMENT RELATED TO ECONOMIC DEVELOPMENT

Representative Suzan DelBene (D-WA) offered an amendment that would have added a deficit-neutral reserve fund to ensure economic growth and job creation in areas with high poverty, unemployment, food insecurity, homelessness and high foreclosure rates. The reserve fund would have been paid for by partially reversing provisions in the Tax Cuts and Jobs Act of 2017.

The Committee defeated the amendment by a vote of 13 to 21. Committee Members made the point that there are 92 different federal programs in a poorly coordinated effort to fight poverty. This approach is built on the premise that compassion is best measured by how much we spend, not by how many people we lift out of poverty. The government has spent trillions of dollars since the war on poverty began in the 1960s, but the overall poverty rate in the country has largely stayed the same. Members argued that the best anti-poverty program is a thriving economy with plenty of good jobs. As a result of the Tax Cuts and Jobs Act, the economy is in fact booming, and Americans are seeing real, tangible benefits. So far this year, the economy has created over 1 million new jobs and the unemployment rate has fallen to 3.8 percent, the lowest level in nearly 20 years. Rolling back the successes of the 2017 tax reform would be counterproductive and detrimental to the nation's workforce and economy. The Tax Cuts and Jobs Act is working and should be allowed to continue delivering benefits to the American people. For these reasons, the Committee did not agree to the amendment.

## AN AMENDMENT RELATED TO THE PARIS CLIMATE AGREEMENT

Representative Debbie Wasserman Schultz (D-FL) offered an amendment to include a policy statement in the Chairman's Mark on climate change findings and the need for Congress to maintain commitments made in the Paris Climate Agreement.

The Committee defeated the amendment by a vote of 13 to 21. According to the National Economic Research Associates, compliance with the terms of the Paris Accord and the onerous energy restrictions it placed on the United States would have cost America as many as 2.7 million lost jobs by 2025. This includes 440,000 fewer manufacturing jobs. The same study found that, by 2040, compliance with the Paris Climate Agreement would cut production for the following sectors: paper down 12 percent; cement down 23 percent; iron and steel down 38 percent; coal down 86 percent; and natural gas down 31 percent. The Committee agreed that the proposed amendment would have negative economic consequences including close to \$3 trillion in lost GDP, a loss of 6.5 million industrial jobs, and \$7,000 less in household income. For these reasons, the Committee did not agree to the amendment.

## AN AMENDMENT RELATED TO ACCESS TO HIGHER EDUCATION

Representative Brendan Boyle (D-PA) offered an amendment that would increase spending for higher education programs. The increase in spending is offset by partially reversing the 2017 tax reform law.

The Committee defeated the amendment by a vote of 13 to 21. The Committee agrees that student debt is a growing problem. In fact, the budget contains a policy statement expressing its concern regarding the rapid rate of tuition growth. However, the best solution to this problem is to promote pro-growth policies that protect the student and taxpayer. The budget envisions a framework that uses federal aid more efficiently and invests in a sustainable higher education system that is good for students, institutions of higher education, and taxpayers. This amendment fails to address the underlying problems contributing to student debt and tuition inflation. Furthermore, the amendment would roll back portions of the Tax Cuts and Jobs Act to offset the increased spending, which would be counterproductive and detrimental to the nation's workforce and economy. The Tax Cuts and Jobs Act is working and should be allowed to continue delivering benefits to the American people. For these reasons, the Committee did not agree to the amendment.

AN AMENDMENT RELATED TO DEPARTMENT OF STATE AND USAID  
FUNDING

Representative Ro Khanna (D-CA) offered an amendment that would amend the committee report to include a policy statement to fully fund Function 150 International Affairs diplomatic and foreign aid operations.

The Committee defeated the amendment by a vote of 13 to 21. The fiscal year 2019 budget already assumes full funding for core U.S. foreign policy priorities and does so in a responsible way. The budget assumes full funding for State Department operations, embassy security, international security assistance, along with international development operations, coupled with increased oversight, improved management, and better oversight of taxpayer dollars. For these reasons, the Committee did not agree to the amendment.

AN AMENDMENT RELATED TO THE DECENNIAL CENSUS

Representative Pramila Jayapal (D-WA) offered an amendment to include in the Chairman's Mark a policy statement that would prohibit the 2020 Census from asking households about citizenship and maintain adequate funding for the 2020 Census.

The Committee defeated the amendment by a vote of 13 to 21. As recently as 2000 and throughout the twentieth century, versions of the Census have asked respondents whether they are U.S. citizens. That question has also been regularly posed on the annual American Community Survey since 2000. The very principle of "one person, one vote" should require that our government obtain an accurate count of all persons residing within congressional districts. Apportionment should require accurate representation of legal citizens. This budget provides a 302(a) discretionary spending allocation to the Appropriations Committee and assumes full funding for the U.S. Census Bureau and the 2020 Census. For these reasons, the Committee did not agree to the amendment.

AN AMENDMENT RELATED TO DEPARTMENT OF VETERANS AFFAIRS  
SPENDING

Representative Salud Carbajal (D–CA) offered an amendment that would increase veterans-related spending and offset the additional spending by partially reversing the Tax Cuts and Jobs Act.

The Committee defeated the amendment by a vote of 13 to 21. The budget calls for \$86.8 billion in discretionary funding for veterans benefits and services for fiscal year 2019, which is consistent with CBO’s most recent baseline and also represents a 5.8 percent increase from fiscal year 2018 enacted levels. While the budget provides the resources necessary for the Department of Veterans Affairs (VA) to carry out its important mission, it also acknowledges that VA needs to better manage its resources to provide timely and high-quality care to veterans. Committee Members argued that the Tax Cuts and Jobs Act benefits veterans in a number of ways and that reversing those benefits would harm veterans. For these reasons, the Committee did not agree to the amendment.

AN AMENDMENT RELATED TO FUNDING FOR THE INVESTIGATION OF  
RUSSIAN INTERFERENCE IN THE 2016 PRESIDENTIAL ELECTION

Representative Shelia Jackson Lee (D–TX) offered an amendment that would amend the committee report to support full funding for the Special Counsel investigation of Russian interference in the 2016 U.S. Presidential election.

The Committee defeated the amendment by a vote of 13 to 21. During the debate, Committee Members argued the budget resolution does not recommend any policy options that would reduce funding for the Office of the Special Counsel at the Department of Justice. The Office of the Special Counsel is a discretionary program funded through the annual appropriations process. This budget provides a 302(a) discretionary spending allocation to the Appropriations Committee, which through its Subcommittee on Commerce, Justice, Science, and Related Agencies, determines funding levels for Department of Justice activities, including the Office of the Special Counsel, at levels they deem appropriate. For these reasons, the Committee did not agree to the amendment.

AN AMENDMENT TO REDUCE PRESCRIPTION DRUG COSTS

Representative Janice Schakowsky (D–IL) offered an amendment that would include a policy statement recognizing that the Affordable Care Act reduces prescription drug costs for Medicare beneficiaries and provides access to drug coverage for millions of Americans. Additionally, it states that prescriptions drug prices are on the rise due to abuses by private companies and consequently reduces access for patients.

The Committee defeated the amendment by a vote of 13 to 21. During the debate, Committee Members argued that the budget fully supports patient access to prescription drugs—including a reduction in burdensome regulations that stymie innovation and reduce competition. The budget also supports a swifter process of review for new therapies by the Food and Drug Administration, as well as necessary funding to invest in biomedical research. For these reasons, the Committee did not agree to the amendment.



## **OTHER MATTERS UNDER THE RULES OF THE HOUSE**

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### **Committee on the Budget Oversight Findings and Recommendations**

Clause 3(c)(1) of Rule XIII of the Rules of the House of Representatives requires each committee report to contain oversight findings and recommendations pursuant to Clause 2(b)(1) of Rule X. The Committee on the Budget has no findings to report at the present time.

### **New Budget Authority, Entitlement Authority, and Tax Expenditures**

Clause 3(c)(2) of Rule XIII of the Rules of the House of Representatives provides that committee reports must contain the statement required by Section 308(a) of the Congressional Budget Act of 1974. This report does not contain such a statement because, as a concurrent resolution setting forth a blueprint for the congressional budget, the budget resolution does not provide new budget authority or new entitlement authority, and does not change revenues.

### **General Performance Goals and Objectives**

Clause 3(c)(4) of Rule XIII of the Rules of the House of Representatives requires each committee report on a legislative measure to contain a statement of general performance goals and objectives, including outcome-related goals and objectives, for which the measure authorizes funding. The Committee on the Budget has no such goals and objectives to report at this time.

### **Views of Committee Members**

Clause 2(1) of Rule XI of the Rules of the House of Representatives requires each committee to afford members of the committee two days to file minority, additional, dissenting, or supplemental views on reported legislative measures, and to include the views in the report accompanying such legislation. The following views were submitted:



## MINORITY VIEWS

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### FY2019 CONCURRENT RESOLUTION ON THE BUDGET

Less than a year ago, Budget Committee Republicans laid the groundwork for enactment of a partisan tax bill that, despite passionate promises to the contrary from our Republican colleagues, is increasing our deficits and debt by trillions of dollars. Not a single Democrat voted for that plan—and for good reason. It was bad enough for our economy on its own, but we knew what would come next.

The GOP's skyrocketing deficits are no accident. They are part of Congressional Republicans' three-step plan to dismantle much of what the American people need and want from their government. First, they passed deep tax cuts benefitting the wealthy with no plan or intention to pay for them. Then, they shed crocodile tears about the exploding deficits they themselves created. Finally, they demand extreme cuts to programs and priorities that are vital to American families, which is what this budget represents.

This budget places the entire burden of deficit reduction on the middle class and struggling families. It does not call for even one penny of new revenue from closing tax loopholes for the wealthy or corporations. In contrast, it assumes a total of \$5.8 trillion in spending cuts, at least \$2.1 trillion from Medicare, Medicaid and other critical health care programs alone. It would end the Medicare guarantee and repeal the Affordable Care Act. It would cut more than \$900 billion from programs that provide basic living standards for struggling families. Even Social Security and people with disabilities are not spared. The GOP Budget assumes a cut in the program's disability benefits, which it describes as "a first step" in Social Security reform.

The resolution also significantly reduces federal investments in education, science, research, transportation, environmental protection and other priorities critical to expanding economic opportunity. While keeping non-defense discretionary (NDD) spending for next year at the recently agreed-upon level, it will dramatically cut these programs in the future. Funding will be slashed from \$597 billion in 2019 to \$555 billion in 2028, a cut that is far deeper when inflation and population growth are factored in. This is not a tightening of the government's belt. These are radical, devastating cuts that will jeopardize the safety, health, and well-being of American families and communities while totally undermining our economic competitiveness.

Committee Democrats offered many amendments that gave our colleagues the opportunity to fix these problems and make things right by our constituents. Because the American people want a government that works for them, they should at least have a Congress

that can pass a budget that shares the public's priorities. Unfortunately, Committee Republicans rejected every one of these amendments.

This resolution is a perfect example of how the Congressional budget process is broken. Like previous Republican budget resolutions, it is not a serious attempt at governing. It relies on fabricated numbers and fantasyland projections to achieve its claims of balance, completely ignoring the conclusions of experts and independent analysts. It provides for the extension of temporary tax provisions with no offsets, but somehow still counts the revenue from the expiration of these tax cuts they extend.

This budget does not add up. It literally does not add up. But that makes sense, because it isn't about good governing and smart policy. It isn't about helping American families and making our country stronger. This budget is purely about messaging and political cover.

That does not mean this budget should be dismissed out of hand. The American people need to see the priorities of Republicans in this Congress. They need to know that the GOP's single-minded focus on shrinking overall spending while cutting taxes for those at the top has effectively strangled any possibility of major new investments to address this country's significant and growing challenges, or to make meaningful improvements in the American people's lives.

Republicans can ignore the real-world consequences of the policies assumed in the budget resolution, because for the most part they do not actually intend to push legislation this year that would translate this budget into reality. It is an opportunity for Republicans to cast a show vote, to pretend that they are fiscally responsible after enacting tax cuts for the rich that have dramatically increased deficits and debt.

However, Republicans have managed to use the budget process to enact parts of their vision into law. Through reconciliation they enacted their tax scam, which also undermined a key component of the Affordable Care Act (ACA). Last year, they came close to destroying health care for millions of people, despite massive opposition from the American public. So we must take the Republican budget seriously, if not literally, to understand where Congressional Republicans want to take the country. It is not a place the American people want to go.

JOHN YARMUTH.  
MICHELLE LUJAN GRISHAM.  
HAKEEM S. JEFFRIES.  
SUZAN K. DELBENE.  
BRENDAN F. BOYLE.  
PRAMILA JAYAPAL.  
SHEILA JACKSON LEE.  
BARBARA LEE.  
SETH MOULTON.  
BRIAN HIGGINS.  
DEBBIE WASSERMAN SCHULTZ.  
RO KHANNA.  
SALUD CARBAJAL.  
JANICE D. SCHAKOWSKY.



115TH CONGRESS  
2D SESSION

# H. CON. RES. 128

Establishing the congressional budget for the United States Government for fiscal year 2019 and setting forth the appropriate budgetary levels for fiscal years 2020 through 2028.

## CONCURRENT RESOLUTION

Establishing the congressional budget for the United States Government for fiscal year 2019 and setting forth the appropriate budgetary levels for fiscal years 2020 through 2028.

*Resolved by the House of Representatives (the Senate concurring),*

### SECTION 1. CONCURRENT RESOLUTION ON THE BUDGET FOR FISCAL YEAR 2019.

(a) DECLARATION.—The Congress determines and declares that prior concurrent resolutions on the budget are replaced as of fiscal year 2019 and that this concurrent resolution establishes the budget for fiscal year 2019 and sets forth the appropriate budgetary levels for fiscal years 2020 through 2028.

(b) TABLE OF CONTENTS.—The table of contents for this concurrent resolution is as follows:

Sec. 1. Concurrent resolution on the budget for fiscal year 2019.

#### TITLE I—RECOMMENDED LEVELS AND AMOUNTS

Sec. 101. Recommended levels and amounts.

Sec. 102. Major functional categories.

#### TITLE II—RECONCILIATION AND RELATED MATTERS

Sec. 201. Reconciliation in the House of Representatives.

#### TITLE III—BUDGET ENFORCEMENT IN THE HOUSE OF REPRESENTATIVES

Sec. 301. Point of order against increasing long-term direct spending.

Sec. 302. Allocation for Overseas Contingency Operations/Global War on Terrorism.

Sec. 303. Limitation on changes in certain mandatory programs.

Sec. 304. Limitation on advance appropriations.

Sec. 305. Estimates of debt service costs.

Sec. 306. Fair-value credit estimates.

Sec. 307. Adjustments for improved control of budgetary resources.

Sec. 308. Limitation on transfers from the general fund of the Treasury to the Highway Trust Fund.

Sec. 309. Prohibition on use of guarantee fees as an offset.

Sec. 310. Budgetary treatment of administrative expenses.

Sec. 311. Application and effect of changes in allocations and aggregates.

Sec. 312. Adjustments to reflect changes in concepts and definitions.

- Sec. 313. Adjustment for changes in the baseline.
- Sec. 314. Exercise of rulemaking powers.

#### TITLE IV—RESERVE FUNDS IN THE HOUSE OF REPRESENTATIVES

- Sec. 401. Deficit neutral reserve fund for investments in national infrastructure.
- Sec. 402. Deficit neutral reserve fund for amendments to the Internal Revenue Code of 1986.
- Sec. 403. Reserve fund for extending pro-growth tax policies.
- Sec. 404. Reserve fund for the repeal or replacement of President Obama’s health care laws.
- Sec. 405. Deficit neutral reserve fund for the clarification of presumptions of service connection for veterans who served offshore of the Republic of Vietnam and Korea.

#### TITLE V—POLICY STATEMENTS IN THE HOUSE OF REPRESENTATIVES

- Sec. 501. Policy statement on unauthorized appropriations.
- Sec. 502. Policy statement on improper payments.
- Sec. 503. Policy statement on expenditures from agency fees and spending.
- Sec. 504. Policy statement on combating the opioid epidemic.
- Sec. 505. Policy statement on medical discovery, development, delivery, and innovation.
- Sec. 506. Policy statement on Medicaid work requirements.
- Sec. 507. Policy statement on Medicare.
- Sec. 508. Policy statement on Social Security.
- Sec. 509. Policy statement on higher education and workforce development opportunity.
- Sec. 510. Policy statement on the Judgment Fund.

### TITLE I—RECOMMENDED LEVELS AND AMOUNTS

#### SEC. 101. RECOMMENDED LEVELS AND AMOUNTS.

The following budgetary levels are appropriate for each of fiscal years 2019 through 2028:

(1) FEDERAL REVENUES.—For purposes of the enforcement of this concurrent resolution:

(a) The recommended levels of Federal revenues are as follows:

- Fiscal year 2019: \$2,590,496,000,000.
- Fiscal year 2020: \$2,736,347,000,000.
- Fiscal year 2021: \$2,845,396,000,000.
- Fiscal year 2022: \$2,990,130,000,000.
- Fiscal year 2023: \$3,164,364,000,000.
- Fiscal year 2024: \$3,338,062,000,000.
- Fiscal year 2025: \$3,513,201,000,000.
- Fiscal year 2026: \$3,807,248,000,000.
- Fiscal year 2027: \$4,058,110,000,000.
- Fiscal year 2028: \$4,229,859,000,000.

(b) The amounts by which the aggregate levels of Federal revenues should be changed are as follows:

Fiscal year 2019: \$0.  
 Fiscal year 2020: \$0.  
 Fiscal year 2021: \$0.  
 Fiscal year 2022: \$0.  
 Fiscal year 2023: \$0.  
 Fiscal year 2024: \$0.  
 Fiscal year 2025: \$0.  
 Fiscal year 2026: \$0.  
 Fiscal year 2027: \$0.  
 Fiscal year 2028: \$0.

(2) NEW BUDGET AUTHORITY.—For purposes of the enforcement of this concurrent resolution, the appropriate levels of total new budget authority are as follows:

Fiscal year 2019: \$3,478,974,000,000.  
 Fiscal year 2020: \$3,488,774,000,000.  
 Fiscal year 2021: \$3,563,231,000,000.  
 Fiscal year 2022: \$3,669,991,000,000.  
 Fiscal year 2023: \$3,783,347,000,000.  
 Fiscal year 2024: \$3,856,688,000,000.  
 Fiscal year 2025: \$3,899,811,000,000.  
 Fiscal year 2026: \$4,005,410,000,000.  
 Fiscal year 2027: \$4,094,293,000,000.  
 Fiscal year 2028: \$4,125,676,000,000.

(3) BUDGET OUTLAYS.—For purposes of the enforcement of this concurrent resolution, the appropriate levels of total budget outlays are as follows:

Fiscal year 2019: \$3,379,438,000,000.  
 Fiscal year 2020: \$3,458,307,000,000.  
 Fiscal year 2021: \$3,545,070,000,000.  
 Fiscal year 2022: \$3,673,780,000,000.  
 Fiscal year 2023: \$3,761,485,000,000.  
 Fiscal year 2024: \$3,817,215,000,000.  
 Fiscal year 2025: \$3,870,702,000,000.  
 Fiscal year 2026: \$3,982,738,000,000.  
 Fiscal year 2027: \$4,066,253,000,000.  
 Fiscal year 2028: \$4,131,191,000,000.

(4) DEFICITS (ON-BUDGET).—For purposes of the enforcement of this concurrent resolution, the amounts of the deficits (on-budget) are as follows:

Fiscal year 2019: \$788,942,000,000.  
 Fiscal year 2020: \$721,960,000,000.  
 Fiscal year 2021: \$699,674,000,000.  
 Fiscal year 2022: \$683,650,000,000.  
 Fiscal year 2023: \$597,121,000,000.  
 Fiscal year 2024: \$479,153,000,000.  
 Fiscal year 2025: \$357,501,000,000.  
 Fiscal year 2026: \$175,490,000,000.  
 Fiscal year 2027: \$8,143,000,000.  
 Fiscal year 2028: −\$98,668,000,000.

(5) DEBT SUBJECT TO LIMIT.—The appropriate levels of debt subject to limit are as follows:

Fiscal year 2019: \$22,356,469,000,000.

Fiscal year 2020: \$23,216,315,000,000.  
 Fiscal year 2021: \$24,010,615,000,000.  
 Fiscal year 2022: \$24,735,181,000,000.  
 Fiscal year 2023: \$25,350,001,000,000.  
 Fiscal year 2024: \$25,832,181,000,000.  
 Fiscal year 2025: \$26,124,404,000,000.  
 Fiscal year 2026: \$26,275,988,000,000.  
 Fiscal year 2027: \$26,109,909,000,000.  
 Fiscal year 2028: \$25,750,525,000,000.

(6) DEBT HELD BY THE PUBLIC.—The appropriate levels of debt held by the public are as follows:

Fiscal year 2019: \$16,568,177,000,000.  
 Fiscal year 2020: \$17,363,858,000,000.  
 Fiscal year 2021: \$18,125,630,000,000.  
 Fiscal year 2022: \$18,869,457,000,000.  
 Fiscal year 2023: \$19,512,838,000,000.  
 Fiscal year 2024: \$20,026,824,000,000.  
 Fiscal year 2025: \$20,412,479,000,000.  
 Fiscal year 2026: \$20,614,633,000,000.  
 Fiscal year 2027: \$20,645,322,000,000.  
 Fiscal year 2028: \$20,560,545,000,000.

**SEC. 102. MAJOR FUNCTIONAL CATEGORIES.**

The Congress determines and declares that the appropriate levels of new budget authority and outlays for fiscal years 2019 through 2028 for each major functional category are:

(1) National Defense (050):

Fiscal year 2019:

- (a) New budget authority, \$656,500,000,000.
- (b) Outlays, \$633,352,000,000.

Fiscal year 2020:

- (a) New budget authority, \$689,121,000,000.
- (b) Outlays, \$655,961,000,000.

Fiscal year 2021:

- (a) New budget authority, \$723,190,000,000.
- (b) Outlays, \$689,135,000,000.

Fiscal year 2022:

- (a) New budget authority, \$726,804,000,000.
- (b) Outlays, \$709,118,000,000.

Fiscal year 2023:

- (a) New budget authority, \$730,442,000,000.
- (b) Outlays, \$711,516,000,000.

Fiscal year 2024:

- (a) New budget authority, \$734,111,000,000.
- (b) Outlays, \$713,215,000,000.

Fiscal year 2025:

- (a) New budget authority, \$737,806,000,000.
- (b) Outlays, \$722,903,000,000.

Fiscal year 2026:

- (a) New budget authority, \$741,523,000,000.
- (b) Outlays, \$726,681,000,000.

Fiscal year 2027:

- (a) New budget authority, \$745,277,000,000.
- (b) Outlays, \$730,451,000,000.

Fiscal year 2028:

- (a) New budget authority, \$748,489,000,000.
  - (b) Outlays, \$739,313,000,000.
- (2) International Affairs (150):
  - Fiscal year 2019:
    - (a) New budget authority, \$47,895,000,000.
    - (b) Outlays, \$43,551,000,000.
  - Fiscal year 2020:
    - (a) New budget authority, \$49,063,000,000.
    - (b) Outlays, \$44,417,000,000.
  - Fiscal year 2021:
    - (a) New budget authority, \$49,178,000,000.
    - (b) Outlays, \$45,351,000,000.
  - Fiscal year 2022:
    - (a) New budget authority, \$47,379,000,000.
    - (b) Outlays, \$45,574,000,000.
  - Fiscal year 2023:
    - (a) New budget authority, \$48,479,000,000.
    - (b) Outlays, \$46,321,000,000.
  - Fiscal year 2024:
    - (a) New budget authority, \$49,711,000,000.
    - (b) Outlays, \$47,044,000,000.
  - Fiscal year 2025:
    - (a) New budget authority, \$50,843,000,000.
    - (b) Outlays, \$47,790,000,000.
  - Fiscal year 2026:
    - (a) New budget authority, \$52,031,000,000.
    - (b) Outlays, \$48,809,000,000.
  - Fiscal year 2027:
    - (a) New budget authority, \$53,207,000,000.
    - (b) Outlays, \$49,880,000,000.
  - Fiscal year 2028:
    - (a) New budget authority, \$54,401,000,000.
    - (b) Outlays, \$51,019,000,000.
- (3) General Science, Space, and Technology (250):
  - Fiscal year 2019:
    - (a) New budget authority, \$29,497,000,000.
    - (b) Outlays, \$31,478,000,000.
  - Fiscal year 2020:
    - (a) New budget authority, \$30,175,000,000.
    - (b) Outlays, \$30,856,000,000.
  - Fiscal year 2021:
    - (a) New budget authority, \$30,901,000,000.
    - (b) Outlays, \$30,914,000,000.
  - Fiscal year 2022:
    - (a) New budget authority, \$31,630,000,000.
    - (b) Outlays, \$31,267,000,000.
  - Fiscal year 2023:
    - (a) New budget authority, \$32,361,000,000.
    - (b) Outlays, \$31,751,000,000.
  - Fiscal year 2024:
    - (a) New budget authority, \$33,151,000,000.
    - (b) Outlays, \$32,457,000,000.
  - Fiscal year 2025:
    - (a) New budget authority, \$33,910,000,000.

- (b) Outlays, \$33,169,000,000.
- Fiscal year 2026: \$34,674,000,000.
- (b) Outlays, \$33,923,000,000.
- Fiscal year 2027:
  - (a) New budget authority, \$35,474,000,000.
  - (b) Outlays, \$34,688,000,000.
- Fiscal year 2028:
  - (a) New budget authority, \$36,278,000,000.
  - (b) Outlays, \$35,484,000,000.
- (4) Energy (270):
  - Fiscal year 2019:
    - (a) New budget authority, -\$2,562,000,000.
    - (b) Outlays, \$4,224,000,000.
  - Fiscal year 2020:
    - (a) New budget authority, \$2,737,000,000.
    - (b) Outlays, \$3,644,000,000.
  - Fiscal year 2021:
    - (a) New budget authority, -\$11,118,000,000.
    - (b) Outlays, -\$10,770,000,000.
  - Fiscal year 2022:
    - (a) New budget authority, \$1,118,000,000.
    - (b) Outlays, \$978,000,000.
  - Fiscal year 2023:
    - (a) New budget authority, \$790,000,000.
    - (b) Outlays, \$158,000,000.
  - Fiscal year 2024:
    - (a) New budget authority, \$1,116,000,000.
    - (b) Outlays, \$339,000,000.
  - Fiscal year 2025:
    - (a) New budget authority, \$808,000,000.
    - (b) Outlays, \$35,000,000.
  - Fiscal year 2026:
    - (a) New budget authority, \$618,000,000.
    - (b) Outlays, -\$147,000,000.
  - Fiscal year 2027:
    - (a) New budget authority, \$625,000,000.
    - (b) Outlays, \$70,000,000.
  - Fiscal year 2028:
    - (a) New budget authority, \$3,314,000,000.
    - (b) Outlays, \$2,764,000,000.
- (5) Natural Resources and Environment (300):
  - Fiscal year 2019:
    - (a) New budget authority, \$52,244,000,000.
    - (b) Outlays, \$37,591,000,000.
  - Fiscal year 2020:
    - (a) New budget authority, \$54,086,000,000.
    - (b) Outlays, \$37,858,000,000.
  - Fiscal year 2021:
    - (a) New budget authority, \$54,651,000,000.
    - (b) Outlays, \$38,560,000,000.
  - Fiscal year 2022:
    - (a) New budget authority, \$54,507,000,000.
    - (b) Outlays, \$38,500,000,000.
  - Fiscal year 2023:

- (a) New budget authority, \$56,796,000,000.
  - (b) Outlays, \$40,777,000,000.
- Fiscal year 2024:
  - (a) New budget authority, \$57,821,000,000.
  - (b) Outlays, \$41,991,000,000.
- Fiscal year 2025:
  - (a) New budget authority, \$58,540,000,000.
  - (b) Outlays, \$43,300,000,000.
- Fiscal year 2026:
  - (a) New budget authority, \$60,592,000,000.
  - (b) Outlays, \$45,923,000,000.
- Fiscal year 2027:
  - (a) New budget authority, \$62,269,000,000.
  - (b) Outlays, \$48,204,000,000.
- Fiscal year 2028:
  - (a) New budget authority, \$63,955,000,000.
  - (b) Outlays, \$50,499,000,000.
- (6) Agriculture (350):
  - Fiscal year 2019:
    - (a) New budget authority, \$23,466,000,000.
    - (b) Outlays, \$22,546,000,000.
  - Fiscal year 2020:
    - (a) New budget authority, \$21,993,000,000.
    - (b) Outlays, \$21,811,000,000.
  - Fiscal year 2021:
    - (a) New budget authority, \$23,323,000,000.
    - (b) Outlays, \$22,940,000,000.
  - Fiscal year 2022:
    - (a) New budget authority, \$21,182,000,000.
    - (b) Outlays, \$20,551,000,000.
  - Fiscal year 2023:
    - (a) New budget authority, \$21,744,000,000.
    - (b) Outlays, \$21,051,000,000.
  - Fiscal year 2024:
    - (a) New budget authority, \$22,245,000,000.
    - (b) Outlays, \$21,537,000,000.
  - Fiscal year 2025:
    - (a) New budget authority, \$22,777,000,000.
    - (b) Outlays, \$22,032,000,000.
  - Fiscal year 2026:
    - (a) New budget authority, \$23,544,000,000.
    - (b) Outlays, \$22,826,000,000.
  - Fiscal year 2027:
    - (a) New budget authority, \$23,708,000,000.
    - (b) Outlays, \$22,979,000,000.
  - Fiscal year 2028:
    - (a) New budget authority, \$24,423,000,000.
    - (b) Outlays, \$23,668,000,000.
- (7) Commerce and Housing Credit (370):
  - Fiscal year 2019:
    - (a) New budget authority, -\$4,325,000,000.
    - (b) Outlays, -\$9,672,000,000.
  - Fiscal year 2020:
    - (a) New budget authority, -\$10,200,000,000.

- (b) Outlays, −\$16,540,000,000.
- Fiscal year 2021:
  - (a) New budget authority, −\$7,681,000,000.
  - (b) Outlays, −\$15,519,000,000.
- Fiscal year 2022:
  - (a) New budget authority, −\$8,337,000,000.
  - (b) Outlays, −\$17,403,000,000.
- Fiscal year 2023:
  - (a) New budget authority, −\$8,456,000,000.
  - (b) Outlays, −\$17,850,000,000.
- Fiscal year 2024:
  - (a) New budget authority, −\$6,951,000,000.
  - (b) Outlays, −\$16,399,000,000.
- Fiscal year 2025:
  - (a) New budget authority, −\$5,095,000,000.
  - (b) Outlays, −\$15,392,000,000.
- Fiscal year 2026:
  - (a) New budget authority, −\$5,225,000,000.
  - (b) Outlays, −\$15,083,000,000.
- Fiscal year 2027:
  - (a) New budget authority, −\$5,211,000,000.
  - (b) Outlays, −\$15,850,000,000.
- Fiscal year 2028:
  - (a) New budget authority, −\$5,714,000,000.
  - (b) Outlays, −\$15,759,000,000.
- (8) Transportation (400):
  - Fiscal year 2019:
    - (a) New budget authority, \$95,233,000,000.
    - (b) Outlays, \$92,465,000,000.
  - Fiscal year 2020:
    - (a) New budget authority, \$88,996,000,000.
    - (b) Outlays, \$93,556,000,000.
  - Fiscal year 2021:
    - (a) New budget authority, \$70,979,000,000.
    - (b) Outlays, \$91,134,000,000.
  - Fiscal year 2022:
    - (a) New budget authority, \$71,617,000,000.
    - (b) Outlays, \$82,757,000,000.
  - Fiscal year 2023:
    - (a) New budget authority, \$72,400,000,000.
    - (b) Outlays, \$79,100,000,000.
  - Fiscal year 2024:
    - (a) New budget authority, \$73,241,000,000.
    - (b) Outlays, \$77,767,000,000.
  - Fiscal year 2025:
    - (a) New budget authority, \$73,995,000,000.
    - (b) Outlays, \$76,819,000,000.
  - Fiscal year 2026:
    - (a) New budget authority, \$74,919,000,000.
    - (b) Outlays, \$76,375,000,000.
  - Fiscal year 2027:
    - (a) New budget authority, \$75,995,000,000.
    - (b) Outlays, \$76,730,000,000.
  - Fiscal year 2028:



- (a) New budget authority, \$76,947,000,000.
  - (b) Outlays, \$77,208,000,000.
- (9) Community and Regional Development (450):
  - Fiscal year 2019:
    - (a) New budget authority, \$74,678,000,000.
    - (b) Outlays, \$44,532,000,000.
  - Fiscal year 2020:
    - (a) New budget authority, \$76,515,000,000.
    - (b) Outlays, \$49,572,000,000.
  - Fiscal year 2021:
    - (a) New budget authority, \$78,061,000,000.
    - (b) Outlays, \$51,887,000,000.
  - Fiscal year 2022:
    - (a) New budget authority, \$79,707,000,000.
    - (b) Outlays, \$56,856,000,000.
  - Fiscal year 2023:
    - (a) New budget authority, \$81,455,000,000.
    - (b) Outlays, \$58,222,000,000.
  - Fiscal year 2024:
    - (a) New budget authority, \$83,389,000,000.
    - (b) Outlays, \$63,143,000,000.
  - Fiscal year 2025:
    - (a) New budget authority, \$85,269,000,000.
    - (b) Outlays, \$68,023,000,000.
  - Fiscal year 2026:
    - (a) New budget authority, \$87,176,000,000.
    - (b) Outlays, \$72,584,000,000.
  - Fiscal year 2027:
    - (a) New budget authority, \$89,092,000,000.
    - (b) Outlays, \$76,130,000,000.
  - Fiscal year 2028:
    - (a) New budget authority, \$90,978,000,000.
    - (b) Outlays, \$79,533,000,000.
- (10) Education, Training, Employment, and Social Services (500):
  - Fiscal year 2019:
    - (a) New budget authority, \$89,643,000,000.
    - (b) Outlays, \$105,795,000,000.
  - Fiscal year 2020:
    - (a) New budget authority, \$98,245,000,000.
    - (b) Outlays, \$98,277,000,000.
  - Fiscal year 2021:
    - (a) New budget authority, \$99,900,000,000.
    - (b) Outlays, \$99,773,000,000.
  - Fiscal year 2022:
    - (a) New budget authority, \$98,956,000,000.
    - (b) Outlays, \$99,596,000,000.
  - Fiscal year 2023:
    - (a) New budget authority, \$97,736,000,000.
    - (b) Outlays, \$98,801,000,000.
  - Fiscal year 2024:
    - (a) New budget authority, \$97,412,000,000.
    - (b) Outlays, \$98,190,000,000.
  - Fiscal year 2025:
    - (a) New budget authority, \$98,529,000,000.

- (b) Outlays, \$99,054,000,000.
- Fiscal year 2026:
  - (a) New budget authority, \$99,359,000,000.
  - (b) Outlays, \$99,997,000,000.
- Fiscal year 2027:
  - (a) New budget authority, \$100,277,000,000.
  - (b) Outlays, \$100,930,000,000.
- Fiscal year 2028:
  - (a) New budget authority, \$102,041,000,000.
  - (b) Outlays, \$102,520,000,000.
- (11) Health (550):
  - Fiscal year 2019:
    - (a) New budget authority, \$577,947,000,000.
    - (b) Outlays, \$529,709,000,000.
  - Fiscal year 2020:
    - (a) New budget authority, \$535,605,000,000.
    - (b) Outlays, \$513,181,000,000.
  - Fiscal year 2021:
    - (a) New budget authority, \$493,983,000,000.
    - (b) Outlays, \$484,274,000,000.
  - Fiscal year 2022:
    - (a) New budget authority, \$539,822,000,000.
    - (b) Outlays, \$526,335,000,000.
  - Fiscal year 2023:
    - (a) New budget authority, \$562,960,000,000.
    - (b) Outlays, \$547,080,000,000.
  - Fiscal year 2024:
    - (a) New budget authority, \$574,422,000,000.
    - (b) Outlays, \$567,644,000,000.
  - Fiscal year 2025:
    - (a) New budget authority, \$598,546,000,000.
    - (b) Outlays, \$591,133,000,000.
  - Fiscal year 2026:
    - (a) New budget authority, \$624,915,000,000.
    - (b) Outlays, \$615,878,000,000.
  - Fiscal year 2027:
    - (a) New budget authority, \$634,591,000,000.
    - (b) Outlays, \$633,703,000,000.
  - Fiscal year 2028:
    - (a) New budget authority, \$656,144,000,000.
    - (b) Outlays, \$652,492,000,000.
- (12) Medicare (570):
  - Fiscal year 2019:
    - (a) New budget authority, \$648,039,000,000.
    - (b) Outlays, \$647,663,000,000.
  - Fiscal year 2020:
    - (a) New budget authority, \$675,326,000,000.
    - (b) Outlays, \$674,993,000,000.
  - Fiscal year 2021:
    - (a) New budget authority, \$727,232,000,000.
    - (b) Outlays, \$726,856,000,000.
  - Fiscal year 2022:
    - (a) New budget authority, \$813,149,000,000.
    - (b) Outlays, \$812,779,000,000.

- Fiscal year 2023:  
 (a) New budget authority, \$831,639,000,000.  
 (b) Outlays, \$831,271,000,000.
- Fiscal year 2024:  
 (a) New budget authority, \$829,127,000,000.  
 (b) Outlays, \$828,754,000,000.
- Fiscal year 2025:  
 (a) New budget authority, \$904,939,000,000.  
 (b) Outlays, \$904,559,000,000.
- Fiscal year 2026:  
 (a) New budget authority, \$962,152,000,000.  
 (b) Outlays, \$961,762,000,000.
- Fiscal year 2027:  
 (a) New budget authority, \$1,023,360,000,000.  
 (b) Outlays, \$1,022,973,000,000.
- Fiscal year 2028:  
 (a) New budget authority, \$1,150,826,000,000.  
 (b) Outlays, \$1,150,437,000,000.
- (13) Income Security (600):  
 Fiscal year 2019:  
 (a) New budget authority, \$489,346,000,000.  
 (b) Outlays, \$479,169,000,000.
- Fiscal year 2020:  
 (a) New budget authority, \$484,668,000,000.  
 (b) Outlays, \$475,993,000,000.
- Fiscal year 2021:  
 (a) New budget authority, \$494,922,000,000.  
 (b) Outlays, \$486,381,000,000.
- Fiscal year 2022:  
 (a) New budget authority, \$508,298,000,000.  
 (b) Outlays, \$506,383,000,000.
- Fiscal year 2023:  
 (a) New budget authority, \$518,765,000,000.  
 (b) Outlays, \$511,705,000,000.
- Fiscal year 2024:  
 (a) New budget authority, \$504,105,000,000.  
 (b) Outlays, \$492,173,000,000.
- Fiscal year 2025:  
 (a) New budget authority, \$513,490,000,000.  
 (b) Outlays, \$502,427,000,000.
- Fiscal year 2026:  
 (a) New budget authority, \$523,311,000,000.  
 (b) Outlays, \$517,955,000,000.
- Fiscal year 2027:  
 (a) New budget authority, \$518,373,000,000.  
 (b) Outlays, \$509,731,000,000.
- Fiscal year 2028:  
 (a) New budget authority, \$526,827,000,000.  
 (b) Outlays, \$523,951,000,000.
- (14) Social Security (650):  
 Fiscal year 2019:  
 (a) New budget authority, \$35,977,000,000.  
 (b) Outlays, \$35,977,000,000.
- Fiscal year 2020:

- (a) New budget authority, \$39,035,000,000.
- (b) Outlays, \$39,035,000,000.
- Fiscal year 2021:
  - (a) New budget authority, \$42,028,000,000.
  - (b) Outlays, \$42,028,000,000.
- Fiscal year 2022:
  - (a) New budget authority, \$45,053,000,000.
  - (b) Outlays, \$45,053,000,000.
- Fiscal year 2023:
  - (a) New budget authority, \$48,312,000,000.
  - (b) Outlays, \$48,312,000,000.
- Fiscal year 2024:
  - (a) New budget authority, \$51,893,000,000.
  - (b) Outlays, \$51,893,000,000.
- Fiscal year 2025:
  - (a) New budget authority, \$55,894,000,000.
  - (b) Outlays, \$55,894,000,000.
- Fiscal year 2026:
  - (a) New budget authority, \$66,328,000,000.
  - (b) Outlays, \$66,328,000,000.
- Fiscal year 2027:
  - (a) New budget authority, \$72,886,000,000.
  - (b) Outlays, \$72,886,000,000.
- Fiscal year 2028:
  - (a) New budget authority, \$78,066,000,000.
  - (b) Outlays, \$78,066,000,000.
- (15) Veterans Benefits and Services (700):
  - Fiscal year 2019:
    - (a) New budget authority, \$196,374,000,000.
    - (b) Outlays, \$194,161,000,000.
  - Fiscal year 2020:
    - (a) New budget authority, \$202,515,000,000.
    - (b) Outlays, \$200,642,000,000.
  - Fiscal year 2021:
    - (a) New budget authority, \$208,785,000,000.
    - (b) Outlays, \$207,057,000,000.
  - Fiscal year 2022:
    - (a) New budget authority, \$215,491,000,000.
    - (b) Outlays, \$222,548,000,000.
  - Fiscal year 2023:
    - (a) New budget authority, \$221,047,000,000.
    - (b) Outlays, \$219,458,000,000.
  - Fiscal year 2024:
    - (a) New budget authority, \$227,178,000,000.
    - (b) Outlays, \$215,929,000,000.
  - Fiscal year 2025:
    - (a) New budget authority, \$234,772,000,000.
    - (b) Outlays, \$232,629,000,000.
  - Fiscal year 2026:
    - (a) New budget authority, \$241,792,000,000.
    - (b) Outlays, \$239,579,000,000.
  - Fiscal year 2027:
    - (a) New budget authority, \$249,111,000,000.
    - (b) Outlays, \$246,815,000,000.

- Fiscal year 2028:  
 (a) New budget authority, \$258,125,000,000.  
 (b) Outlays, \$266,787,000,000.
- (16) Administration of Justice (750):  
 Fiscal year 2019:  
 (a) New budget authority, \$58,262,000,000.  
 (b) Outlays, \$62,957,000,000.
- Fiscal year 2020:  
 (a) New budget authority, \$64,972,000,000.  
 (b) Outlays, \$64,940,000,000.
- Fiscal year 2021:  
 (a) New budget authority, \$65,478,000,000.  
 (b) Outlays, \$68,896,000,000.
- Fiscal year 2022:  
 (a) New budget authority, \$67,095,000,000.  
 (b) Outlays, \$68,372,000,000.
- Fiscal year 2023:  
 (a) New budget authority, \$69,050,000,000.  
 (b) Outlays, \$69,095,000,000.
- Fiscal year 2024:  
 (a) New budget authority, \$70,873,000,000.  
 (b) Outlays, \$70,270,000,000.
- Fiscal year 2025:  
 (a) New budget authority, \$72,651,000,000.  
 (b) Outlays, \$72,125,000,000.
- Fiscal year 2026:  
 (a) New budget authority, \$74,212,000,000.  
 (b) Outlays, \$73,672,000,000.
- Fiscal year 2027:  
 (a) New budget authority, \$76,027,000,000.  
 (b) Outlays, \$75,406,000,000.
- Fiscal year 2028:  
 (a) New budget authority, \$77,902,000,000.  
 (b) Outlays, \$77,190,000,000.
- (17) General Government (800):  
 Fiscal year 2019:  
 (a) New budget authority, \$23,291,000,000.  
 (b) Outlays, \$22,963,000,000.
- Fiscal year 2020:  
 (a) New budget authority, \$24,354,000,000.  
 (b) Outlays, \$23,926,000,000.
- Fiscal year 2021:  
 (a) New budget authority, \$24,268,000,000.  
 (b) Outlays, \$23,741,000,000.
- Fiscal year 2022:  
 (a) New budget authority, \$25,155,000,000.  
 (b) Outlays, \$24,737,000,000.
- Fiscal year 2023:  
 (a) New budget authority, \$24,792,000,000.  
 (b) Outlays, \$24,375,000,000.
- Fiscal year 2024:  
 (a) New budget authority, \$28,409,000,000.  
 (b) Outlays, \$27,797,000,000.
- Fiscal year 2025:

- (a) New budget authority, \$29,010,000,000.
  - (b) Outlays, \$28,575,000,000.
- Fiscal year 2026:
  - (a) New budget authority, \$29,009,000,000.
  - (b) Outlays, \$28,564,000,000.
- Fiscal year 2027:
  - (a) New budget authority, \$29,276,000,000.
  - (b) Outlays, \$28,819,000,000.
- Fiscal year 2028:
  - (a) New budget authority, \$29,539,000,000.
  - (b) Outlays, \$29,076,000,000.
- (18) Net Interest (900):
  - Fiscal year 2019:
    - (a) New budget authority, \$468,919,000,000.
    - (b) Outlays, \$468,919,000,000.
  - Fiscal year 2020:
    - (a) New budget authority, \$557,681,000,000.
    - (b) Outlays, \$557,681,000,000.
  - Fiscal year 2021:
    - (a) New budget authority, \$634,898,000,000.
    - (b) Outlays, \$634,898,000,000.
  - Fiscal year 2022:
    - (a) New budget authority, \$693,003,000,000.
    - (b) Outlays, \$693,003,000,000.
  - Fiscal year 2023:
    - (a) New budget authority, \$731,591,000,000.
    - (b) Outlays, \$731,591,000,000.
  - Fiscal year 2024:
    - (a) New budget authority, \$747,462,000,000.
    - (b) Outlays, \$747,462,000,000.
  - Fiscal year 2025:
    - (a) New budget authority, \$756,694,000,000.
    - (b) Outlays, \$756,694,000,000.
  - Fiscal year 2026:
    - (a) New budget authority, \$768,371,000,000.
    - (b) Outlays, \$768,371,000,000.
  - Fiscal year 2027:
    - (a) New budget authority, \$778,354,000,000.
    - (b) Outlays, \$778,354,000,000.
  - Fiscal year 2028:
    - (a) New budget authority, \$784,714,000,000.
    - (b) Outlays, \$784,714,000,000.
- (19) Allowances (920):
  - Fiscal year 2019:
    - (a) New budget authority, -\$17,572,000,000.
    - (b) Outlays, -\$9,243,000,000.
  - Fiscal year 2020:
    - (a) New budget authority, -\$94,357,000,000.
    - (b) Outlays, -\$54,296,000,000.
  - Fiscal year 2021:
    - (a) New budget authority, -\$98,283,000,000.
    - (b) Outlays, -\$80,340,000,000.
  - Fiscal year 2022:
    - (a) New budget authority, -\$102,752,000,000.

- (b) Outlays, −\$93,350,000,000.
- Fiscal year 2023:
  - (a) New budget authority, −\$106,018,000,000.
  - (b) Outlays, −\$99,424,000,000.
- Fiscal year 2024:
  - (a) New budget authority, −\$110,314,000,000.
  - (b) Outlays, −\$105,251,000,000.
- Fiscal year 2025:
  - (a) New budget authority, −\$113,655,000,000.
  - (b) Outlays, −\$108,861,000,000.
- Fiscal year 2026:
  - (a) New budget authority, −\$116,726,000,000.
  - (b) Outlays, −\$112,133,000,000.
- Fiscal year 2027:
  - (a) New budget authority, −\$120,207,000,000.
  - (b) Outlays, −\$115,437,000,000.
- Fiscal year 2028:
  - (a) New budget authority, −\$118,070,000,000.
  - (b) Outlays, −\$116,294,000,000.
- (20) Government-wide savings and adjustments (930):
  - Fiscal year 2019:
    - (a) New budget authority, −\$57,938,000,000.
    - (b) Outlays, −\$14,621,000,000.
  - Fiscal year 2020:
    - (a) New budget authority, −\$77,022,000,000.
    - (b) Outlays, −\$21,022,000,000.
  - Fiscal year 2021:
    - (a) New budget authority, −\$95,693,000,000.
    - (b) Outlays, −\$46,793,000,000.
  - Fiscal year 2022:
    - (a) New budget authority, −\$193,392,000,000.
    - (b) Outlays, −\$140,888,000,000.
  - Fiscal year 2023:
    - (a) New budget authority, −\$172,195,000,000.
    - (b) Outlays, −\$119,359,000,000.
  - Fiscal year 2024:
    - (a) New budget authority, −\$122,509,000,000.
    - (b) Outlays, −\$72,158,000,000.
  - Fiscal year 2025:
    - (a) New budget authority, −\$209,017,000,000.
    - (b) Outlays, −\$161,896,000,000.
  - Fiscal year 2026:
    - (a) New budget authority, −\$227,777,000,000.
    - (b) Outlays, −\$184,208,000,000.
  - Fiscal year 2027:
    - (a) New budget authority, −\$234,560,000,000.
    - (b) Outlays, −\$198,851,000,000.
  - Fiscal year 2028:
    - (a) New budget authority, −\$385,389,000,000.
    - (b) Outlays, −\$333,720,000,000.
- (21) Undistributed Offsetting Receipts (950):
  - Fiscal year 2019:
    - (a) New budget authority, −\$82,940,000,000.
    - (b) Outlays, −\$82,940,000,000.

Fiscal year 2020:  
     (a) New budget authority, −\$84,734,000,000.  
     (b) Outlays, −\$84,734,000,000.  
 Fiscal year 2021:  
     (a) New budget authority, −\$88,771,000,000.  
     (b) Outlays, −\$88,771,000,000.  
 Fiscal year 2022:  
     (a) New budget authority, −\$91,494,000,000.  
     (b) Outlays, −\$91,494,000,000.  
 Fiscal year 2023:  
     (a) New budget authority, −\$92,343,000,000.  
     (b) Outlays, −\$92,343,000,000.  
 Fiscal year 2024:  
     (a) New budget authority, −\$101,204,000,000.  
     (b) Outlays, −\$101,204,000,000.  
 Fiscal year 2025:  
     (a) New budget authority, −\$112,895,000,000.  
     (b) Outlays, −\$112,895,000,000.  
 Fiscal year 2026:  
     (a) New budget authority, −\$109,388,000,000.  
     (b) Outlays, −\$109,388,000,000.  
 Fiscal year 2027:  
     (a) New budget authority, −\$113,631,000,000.  
     (b) Outlays, −\$113,631,000,000.  
 Fiscal year 2028:  
     (a) New budget authority, −\$128,120,000,000.  
     (b) Outlays, −\$128,120,000,000.  
 (22) Overseas Contingency Operations/Global War on Terrorism  
 (970):  
     Fiscal year 2019:  
         (a) New budget authority, \$77,000,000,000.  
         (b) Outlays, \$38,862,000,000.  
     Fiscal year 2020:  
         (a) New budget authority, \$60,000,000,000.  
         (b) Outlays, \$48,555,000,000.  
     Fiscal year 2021:  
         (a) New budget authority, \$43,000,000,000.  
         (b) Outlays, \$43,438,000,000.  
     Fiscal year 2022:  
         (a) New budget authority, \$26,000,000,000.  
         (b) Outlays, \$32,507,000,000.  
     Fiscal year 2023:  
         (a) New budget authority, \$12,000,000,000.  
         (b) Outlays, \$19,877,000,000.  
     Fiscal year 2024:  
         (a) New budget authority, \$12,000,000,000.  
         (b) Outlays, \$14,622,000,000.  
     Fiscal year 2025:  
         (a) New budget authority, \$12,000,000,000.  
         (b) Outlays, \$12,585,000,000.  
     Fiscal year 2026:  
         (a) New budget authority, \$0.  
         (b) Outlays, \$4,470,000,000.  
     Fiscal year 2027:



- (a) New budget authority, \$0.
  - (b) Outlays, \$1,274,000,000.
- Fiscal year 2028:
- (a) New budget authority, \$0.
  - (b) Outlays, \$363,000,000.

## **TITLE II—RECONCILIATION AND RELATED MATTERS**

### **SEC. 201. RECONCILIATION IN THE HOUSE OF REPRESENTATIVES.**

(a) **SUMMISSIONS PROVIDING FOR RECONCILIATION.**—Not later than September 14, 2018, the committees named in subsection (b) shall submit recommendations on changes in laws within their jurisdictions to the Committee on the Budget of the House of Representatives that would achieve the specified reduction in the deficit for the period of fiscal years 2019 through 2028.

(b) **INSTRUCTIONS.**

(1) **COMMITTEE ON AGRICULTURE.**—The Committee on Agriculture shall submit changes in laws within its jurisdiction sufficient to reduce the deficit by \$1,000,000,000 for the period of fiscal years 2019 through 2028.

(2) **COMMITTEE ON ARMED SERVICES.**—The Committee on Armed Services shall submit changes in laws within its jurisdiction sufficient to reduce the deficit by \$1,000,000,000 for the period of fiscal years 2019 through 2028.

(3) **COMMITTEE ON EDUCATION AND THE WORKFORCE.**—The Committee on Education and the Workforce shall submit changes in laws within its jurisdiction sufficient to reduce the deficit by \$20,000,000,000 for the period of fiscal years 2019 through 2028.

(4) **COMMITTEE ON ENERGY AND COMMERCE.**—The Committee on Energy and Commerce shall submit changes in laws within its jurisdiction sufficient to reduce the deficit by \$20,000,000,000 for the period of fiscal years 2019 through 2028.

(5) **COMMITTEE ON FINANCIAL SERVICES.**—The Committee on Financial Services shall submit changes in laws within its jurisdiction sufficient to reduce the deficit by \$24,000,000,000 for the period of fiscal years 2019 through 2028.

(6) **COMMITTEE ON HOMELAND SECURITY.**—The Committee on Homeland Security shall submit changes in laws within its jurisdiction sufficient to reduce the deficit by \$3,000,000,000 for the period of fiscal years 2019 through 2028.

(7) **COMMITTEE ON THE JUDICIARY.**—The Committee on the Judiciary shall submit changes in laws within its jurisdiction sufficient to reduce the deficit by \$45,000,000,000 for the period of fiscal years 2019 through 2028.

(8) **COMMITTEE ON NATURAL RESOURCES.**—The Committee on Natural Resources shall submit changes in laws within its jurisdiction sufficient to reduce the deficit by \$5,000,000,000 for the period of fiscal years 2019 through 2028.

(9) **COMMITTEE ON OVERSIGHT AND GOVERNMENT REFORM.**—The Committee on Oversight and Government Reform shall

submit changes in laws within its jurisdiction sufficient to reduce the deficit by \$32,000,000,000 for the period of fiscal years 2019 through 2028.

(10) COMMITTEE ON VETERANS' AFFAIRS.—The Committee on Veterans' Affairs shall submit changes in laws within its jurisdiction sufficient to reduce the deficit by \$1,000,000,000 for the period of fiscal years 2019 through 2028.

(11) COMMITTEE ON WAYS AND MEANS.—The Committee on Ways and Means shall submit changes in laws within its jurisdiction sufficient to reduce the deficit by \$150,000,000,000 for the period of fiscal years 2019 through 2028.

### **TITLE III—BUDGET ENFORCEMENT IN THE HOUSE OF REPRESENTATIVES**

#### **SEC. 301. POINT OF ORDER AGAINST INCREASING LONGTERM DIRECT SPENDING.**

(a) POINT OF ORDER.—It shall not be in order in the House of Representatives to consider any bill or joint resolution, or amendment thereto or conference report thereon, that would cause a net increase in direct spending in excess of \$5,000,000,000 in any of the 4 consecutive 10-fiscal year periods described in subsection (b).

(b) CONGRESSIONAL BUDGET OFFICE ANALYSIS OF PROPOSALS.—The Director of the Congressional Budget Office shall, to the extent practicable, prepare an estimate of whether a bill or joint resolution reported by a committee (other than the Committee on Appropriations), or amendment thereto or conference report thereon, would cause, relative to current law, a net increase in direct spending in the House of Representatives, in excess of \$5,000,000,000 in any of the 4 consecutive 10-fiscal year periods beginning with the first fiscal year that is 10 fiscal years after the current fiscal year.

(c) LIMITATION.—In the House of Representatives, the provisions of this section shall not apply to any bills or joint resolutions, or amendments thereto or conference reports thereon, for which the chair of the Committee on the Budget has made adjustments to the allocations, aggregates, or other budgetary levels in this concurrent resolution.

(d) DETERMINATIONS OF BUDGET LEVELS.—For purposes of this section, the levels of net increases in direct spending shall be determined on the basis of estimates provided by the chair of the Committee on the Budget of the House of Representatives.

#### **SEC. 302. ALLOCATION FOR OVERSEAS CONTINGENCY OPERATIONS/ GLOBAL WAR ON TERRORISM.**

(a) SEPARATE ALLOCATION FOR OVERSEAS CONTINGENCY OPERATIONS/GLOBAL WAR ON TERRORISM.—In the House of Representatives, there shall be a separate allocation of new budget authority and outlays provided to the Committee on Appropriations for the purposes of Overseas Contingency Operations/Global War on Terrorism, which shall be deemed to be an allocation under section 302(a) of the Congressional Budget Act of 1974. Section 302(a)(3) of such Act shall not apply to such separate allocation.

(b) SECTION 302 ALLOCATIONS.—The separate allocation referred to in subsection (a) shall be the exclusive allocation for Overseas

Contingency Operations/Global War on Terrorism under section 302(b) of the Congressional Budget Act of 1974. The Committee on Appropriations of the House of Representatives may provide suballocations of such separate allocation under such section 4 302(b).

(c) APPLICATION.—For purposes of enforcing the separate allocation referred to in subsection (a) under section 302(f) of the Congressional Budget Act of 1974, the “first fiscal year” and the “total of fiscal years” shall be deemed to refer to fiscal year 2019. Section 302(c) of such Act shall not apply to such separate allocation.

(d) DESIGNATIONS.—New budget authority or outlays shall only be counted toward the allocation referred to in subsection (a) if designated pursuant to section 251(b)(2)(A)(ii) of the Balanced Budget and Emergency Deficit Control Act of 1985.

(e) ADJUSTMENTS.—For purposes of subsection (a) for fiscal year 2019, no adjustment shall be made under section 314(a) of the Congressional Budget Act of 1974 if any adjustment would be made under section 251(b)(2)(A)(ii) of the Balanced Budget and Emergency Deficit Control Act of 1985.

(f) ADJUSTMENTS TO FUND OVERSEAS CONTINGENCY OPERATIONS/GLOBAL WAR ON TERRORISM.—In the House of Representatives, the chair of the Committee on the Budget may adjust the allocations, aggregates, and other appropriate budgetary levels related to Overseas Contingency Operations/Global War on Terrorism or the allocation under section 302(a) of the Congressional Budget Act of 1974 to the Committee on Appropriations set forth in the report or joint explanatory statement of managers, as applicable, accompanying this concurrent resolution as necessary.

**SEC. 303. LIMITATION ON CHANGES IN CERTAIN MANDATORY PROGRAMS.**

(a) DEFINITION.—In this section, the term “change in mandatory programs” means a provision that (1) would have been estimated as affecting direct spending or receipts under section 252 of the Balanced Budget and Emergency Deficit Control Act of 1985 (as in effect prior to September 30, 2002) if the provision were included in legislation other than appropriation Acts; and

(2) results in a net decrease in budget authority in the budget year, but does not result in a net decrease in outlays over the total of the current year, the budget year, and all fiscal years covered under the most recently agreed to concurrent resolution on the budget.

(b) POINT OF ORDER IN THE HOUSE OF REPRESENTATIVES.

(1) IN GENERAL.—In the House of Representatives, it shall not be in order to consider a bill or joint resolution making appropriations for a full fiscal year that includes a provision that proposes a change in mandatory programs, or amendment thereto or conference report thereon, that, if enacted, would cause the absolute value of the total budget authority of all such changes in mandatory programs enacted in relation to a full fiscal year to be more than the amount specified in paragraph (2).

(2) AMOUNT.—The amount specified in this paragraph is (a) for fiscal year 2019, \$17,000,000,000; and

(b) for fiscal year 2020, \$15,000,000,000.

(c) DETERMINATION.—For purposes of this section, budgetary levels shall be determined on the basis of estimates provided by the chair of the Committee on the Budget of the House of Representatives.

**SEC. 304. LIMITATION ON ADVANCE APPROPRIATIONS.**

(a) IN GENERAL.—In the House of Representatives, except as provided for in subsection (b), it shall not be in order to consider any general appropriation bill or bill or joint resolution continuing appropriations, or amendment thereto or conference report thereon, that provides advance appropriations.

(b) EXCEPTIONS.—An advance appropriation may be provided for programs, projects, activities, or accounts identified in the report or the joint explanatory statement of managers, as applicable, accompanying this concurrent resolution under the following headings:

(1) GENERAL.—“Accounts Identified for Advance Appropriations”.

(2) VETERANS.—“Veterans Accounts Identified for Advance Appropriations”.

(c) LIMITATIONS.—The aggregate level of advance appropriations shall not exceed the following:

(1) GENERAL.—\$29,014,001,000 in new budget authority for all programs identified pursuant to subsection (b)(1).

(2) VETERANS.—\$75,550,600,000 in new budget authority for programs in the Department of Veterans Affairs identified pursuant to subsection (b)(2).

(d) DEFINITION.—The term “advance appropriation” means any new discretionary budget authority provided in a general appropriation bill or bill or joint resolution continuing appropriations for fiscal year 2019, or any amendment thereto or conference report thereon, that first becomes available for the first fiscal year following fiscal year 2019.

**SEC. 305. ESTIMATES OF DEBT SERVICE COSTS.**

In the House of Representatives, the chair of the Committee on the Budget may direct the Congressional Budget Office to include, in any estimate of a bill or joint resolution prepared under section 402 of the Congressional Budget Act of 1974, an estimate of any change in debt service costs resulting from carrying out such bill or resolution. Any estimate of debt service costs provided under this section shall be advisory and shall not be used for purposes of enforcement of such Act, the rules of the House of Representatives, or this concurrent resolution. This section shall not apply to authorizations of programs funded by discretionary spending or to appropriation bills or joint resolutions, but shall apply to changes in the authorization level of appropriated entitlements.

**SEC. 306. FAIR-VALUE CREDIT ESTIMATES.**

(a) FAIR-VALUE ESTIMATES.—Upon the request of chair of the Committee on the Budget of the House of Representatives, any estimate prepared by the Director of the Congressional Budget Office for a measure that establishes or modifies any program providing loans or loan guarantees shall, as a supplement to such estimate and to the extent practicable, provide a fair-value estimate of such loan or loan guarantee program.

(b) **BASELINE ESTIMATES.**—The Congressional Budget Office shall include estimates of loan and loan guarantee programs, on a fair-value and credit reform basis, as practicable, in its The Budget and Economic Outlook.

(c) **ENFORCEMENT IN THE HOUSE OF REPRESENTATIVES.**—If the Director of the Congressional Budget Office provides an estimate pursuant to subsection (a), the chair of the Committee on the Budget of the House of Representatives may use such estimate to determine compliance with the Congressional Budget Act of 1974 and other budget enforcement requirements.

**SEC. 307. ADJUSTMENTS FOR IMPROVED CONTROL OF BUDGETARY RESOURCES.**

(a) **ADJUSTMENTS OF DISCRETIONARY AND DIRECT SPENDING LEVELS.**—In the House of Representatives, if a committee (other than the Committee on Appropriations) reports a bill or joint resolution, or an amendment thereto is offered or conference report thereon is submitted, providing for a decrease in direct spending (budget authority and outlays flowing therefrom) for any fiscal year and also provides for an authorization of appropriations for the same purpose, upon the enactment of such measure, the chair of the Committee on the Budget may decrease the allocation to the applicable authorizing committee that reports such measure and increase the allocation of discretionary spending (budget authority and outlays flowing therefrom) to the Committee on Appropriations for fiscal year 2019 by an amount equal to the new budget authority (and outlays flowing therefrom) provided for in a bill or joint resolution making appropriations for the same purpose.

(b) **DETERMINATIONS.**—In the House of Representatives, for purposes of enforcing this concurrent resolution, the allocations and aggregate levels of new budget authority, outlays, direct spending, revenues, deficits, and surpluses for fiscal year 2019 and the total of fiscal years 2019 through 2028 shall be determined on the basis of estimates made by the chair of the Committee on the Budget and such chair may adjust the applicable levels in this concurrent resolution.

**SEC. 308. LIMITATION ON TRANSFERS FROM THE GENERAL FUND OF THE TREASURY TO THE HIGHWAY TRUST FUND.**

In the House of Representatives, for purposes of the Congressional Budget Act of 1974, the Balanced Budget and Emergency Deficit Control Act of 1985, and the rules or orders of the House of Representatives, a bill or joint resolution, or an amendment thereto or conference report thereon, that transfers funds from the general fund of the Treasury to the Highway Trust Fund shall be counted as new budget authority and outlays equal to the amount of the transfer in the fiscal year the transfer occurs.

**SEC. 309. PROHIBITION ON USE OF GUARANTEE FEES AS AN OFFSET.**

In the House of Representatives, any provision of a bill or joint resolution, or amendment thereto or conference report thereon, that increases, or extends the increase of, any guarantee fees of the Federal National Mortgage Association (Fannie Mae) or the Federal Home Loan Mortgage Corporation (Freddie Mac) shall not be counted for purposes of enforcing the Congressional Budget Act of

1974, this concurrent resolution, or clause 10 of rule XXI of the rules of the House of Representatives.

**SEC. 310. BUDGETARY TREATMENT OF ADMINISTRATIVE EXPENSES.**

(a) **IN GENERAL.**—In the House of Representatives, notwithstanding section 302(a)(1) of the Congressional Budget Act of 1974, section 13301 of the Budget Enforcement Act of 1990, and section 2009a of title 39, United States Code, the report or the joint explanatory statement, as applicable, accompanying this concurrent resolution shall include in its allocation to the Committee on Appropriations under section 302(a) of the Congressional Budget Act of 1974 amounts for the discretionary administrative expenses of the Social Security Administration and the United States Postal Service.

(b) **SPECIAL RULE.**—In the House of Representatives, for purposes of enforcing section 302(f) of the Congressional Budget Act of 1974, estimates of the levels of total new budget authority and total outlays provided by a measure shall include any discretionary amounts described in subsection (a).

**SEC. 311. APPLICATION AND EFFECT OF CHANGES IN ALLOCATIONS AND AGGREGATES.**

(a) **APPLICATION.**—In the House of Representatives, any adjustments of the allocations, aggregates, and other budgetary levels made pursuant to this concurrent resolution shall—

- (1) apply while that measure is under consideration;
- (2) take effect upon the enactment of that measure; and
- (3) be published in the Congressional Record as soon as practicable.

(b) **EFFECT OF CHANGED ALLOCATIONS AND AGGREGATES.**—Revised allocations and aggregates resulting from these adjustments shall be considered for the purposes of the Congressional Budget Act of 1974 as the allocations and aggregates contained in this concurrent resolution.

(c) **BUDGET COMMITTEE DETERMINATIONS.**—For purposes of this concurrent resolution, the budgetary levels for a fiscal year or period of fiscal years shall be determined on the basis of estimates made by the chair of the Committee on the Budget of the House of Representatives.

(d) **AGGREGATES, ALLOCATIONS AND APPLICATION.**—In the House of Representatives, for purposes of this concurrent resolution and budget enforcement, the consideration of any bill or joint resolution, or amendment thereto or conference report thereon, for which the chair of the Committee on the Budget makes adjustments or revisions in the allocations, aggregates, and other budgetary levels of this concurrent resolution shall not be subject to the points of order set forth in clause 10 of rule XXI of the rules of the House of Representatives or section 301 of this concurrent resolution.

(e) **OTHER ADJUSTMENTS.**—The chair of the Committee on the Budget of the House of Representatives may adjust other appropriate levels in this concurrent resolution depending on congressional action on pending reconciliation legislation.

**SEC. 312. ADJUSTMENTS TO REFLECT CHANGES IN CONCEPTS AND DEFINITIONS.**

In the House of Representatives, the chair of the Committee on the Budget may adjust the appropriate aggregates, allocations, and other budgetary levels in this concurrent resolution for any change in budgetary concepts and definitions consistent with section 251(b)(1) of the Balanced Budget and Emergency Deficit Control Act 9 of 1985.

**SEC. 313. ADJUSTMENT FOR CHANGES IN THE BASELINE.**

In the House of Representatives, the chair of the Committee on the Budget may adjust the allocations, aggregates, reconciliation targets, and other appropriate budgetary levels in this concurrent resolution to reflect changes resulting from the Congressional Budget Office's update to its baseline for fiscal years 2019 through 2028.

**SEC. 314. EXERCISE OF RULEMAKING POWERS.**

The House of Representatives adopts the provisions of this title and title II—

(1) as an exercise of the rulemaking power of the House of Representatives, and as such they shall be considered as part of the rules of the House of Representatives, and such rules shall supersede other rules only to the extent that they are inconsistent with such other rules; and

(2) with full recognition of the constitutional right of the House of Representatives to change those rules at any time, in the same manner, and to the same extent as is the case of any other rule of the House of Representatives.

## **TITLE IV—RESERVE FUNDS IN THE HOUSE OF REPRESENTATIVES**

**SEC. 401. DEFICIT NEUTRAL RESERVE FUND FOR INVESTMENTS IN NATIONAL INFRASTRUCTURE.**

In the House of Representatives, the chair of the Committee on the Budget may adjust the allocations, aggregates, and other appropriate levels in this concurrent resolution for any bill or joint resolution, or amendment thereto or conference report thereon, that invests in national infrastructure if such measure would not increase the deficit for the period of fiscal years 2019 through 18 2028.

**SEC. 402. DEFICIT NEUTRAL RESERVE FUND FOR AMENDMENTS TO THE INTERNAL REVENUE CODE OF 1986.**

In the House of Representatives, if the Committee on Ways and Means reports a bill or joint resolution that amends the Internal Revenue Code of 1986, the chair of the Committee on the Budget may adjust the allocations, aggregates, and other appropriate budgetary levels in this concurrent resolution for the budgetary effects of any such bill or joint resolution, or amendment thereto or conference report thereon, if such measure would not increase the deficit for the period of fiscal years 2019 through 6 2028.

**SEC. 403. RESERVE FUND FOR EXTENDING PRO-GROWTH TAX POLICIES.**

In the House of Representatives, if the Committee on Ways and Means reports a bill or joint resolution that extends the pro-growth tax policies of Public Law 11597, the chair of the Committee on the Budget may adjust the allocations, aggregates, and other appropriate budgetary levels in this concurrent resolution for the budgetary effects of any such bill or joint resolution, or amendment thereto or conference report thereon.

**SEC. 404. RESERVE FUND FOR THE REPEAL OR REPLACEMENT OF PRESIDENT OBAMA'S HEALTH CARE LAWS.**

In the House of Representatives, the chair of the Committee on the Budget may revise the allocations, aggregates, and other appropriate budgetary levels in this concurrent resolution for the budgetary effects of any bill or joint resolution, or amendment thereto or conference report thereon, that repeals or replaces any provision of the Patient Protection and Affordable Care Act or title I or subtitle B of title II of the Health Care and Education Reconciliation Act of 2010 by the amount of budget authority and outlays flowing therefrom provided by such measure for such purpose.

**SEC. 405. DEFICIT NEUTRAL RESERVE FUND FOR THE CLARIFICATION OF PRESUMPTIONS OF SERVICE CONNECTION FOR VETERANS WHO SERVED OFFSHORE OF THE REPUBLIC OF VIETNAM AND KOREA.**

In the House of Representatives, if the Committee on Veterans' Affairs reports a bill or joint resolution that clarifies the presumptions of service connection for veterans who served offshore of the Republic of Vietnam or Korea, the chair of the Committee on the Budget may adjust the allocations, aggregates, and other appropriate budgetary levels in this concurrent resolution for the budgetary effects of any such bill or joint resolution, or amendment thereto or conference report thereon, if such measure would not increase the deficit for the period of fiscal years 21 2019 through 2028.

## **TITLE V—POLICY STATEMENTS IN THE HOUSE OF REPRESENTATIVES**

**SEC. 501. POLICY STATEMENT ON UNAUTHORIZED APPROPRIATIONS.**

(a) FINDINGS.—The House finds the following:

(1) Article I of the Constitution vests all legislative power in Congress.

(2) Central to the legislative powers of Congress is the authorization of appropriations necessary to execute the laws that establish agencies and programs and impose obligations.

(3) Clause 2 of rule XXI of the Rules of the House of Representatives prohibits the consideration of appropriations measures that provide appropriations for unauthorized programs.

(4) As of January 2018, more than \$713 billion has been appropriated for unauthorized programs, spanning 30 separate laws that include 189 explicit authorizations of appropriations set to expire on or before the end of fiscal year 2018.



(5) Agencies such as the Department of State have not been authorized for nearly two decades.

(6) In the 115th Congress, the House adopted as part of H. Res. 5 a requirement for each standing committee of the House to adopt an authorization and oversight plan that enumerates all unauthorized programs and agencies within its jurisdiction that received funding in the prior fiscal year, among other oversight requirements.

(b) **POLICY ON UNAUTHORIZED APPROPRIATIONS.** In the House, it is the policy of this concurrent resolution that legislation should be enacted that—

(1) establishes a schedule for reauthorizing all Federal programs on a staggered five-year basis together with declining spending targets for each year a program is not reauthorized according to such schedule;

(2) prohibits the consideration of appropriations measures in the House that provide appropriations in excess of spending targets specified for such measures and ensures that such rule should be strictly enforced; and

(3) limits funding for non-defense or non-security-related Federal programs that are not reauthorized according to the schedule described in paragraph (1).

**SEC. 502. POLICY STATEMENT ON IMPROPER PAYMENTS.**

(a) **FINDINGS.**—The House finds the following:

(1) The Government Accountability Office defines improper payments as any reported payment that should not have been made or was made in an incorrect amount.

(2) Improper payments totaled roughly \$1.3 trillion between fiscal years 2003 and 2017.

(3) Improper payments increased from \$107 billion in 2012 to \$141 billion in 2017.

(4) The Earned Income Tax Credit, Medicare, and Medicaid account for 74 percent of total improper payments.

(5) Eight agencies did not report payment estimates for 18 programs that the Comptroller General deems susceptible to significant improper payments.

(b) **POLICY ON IMPROPER PAYMENTS.**—It is the policy of this concurrent resolution that an independent commission should be established with the goal of finding tangible solutions to reduce total improper payments by 50 percent within the next 5 years. The commission should also develop a more stringent system of agency oversight to achieve this goal.

**SEC. 503. POLICY STATEMENT ON EXPENDITURES FROM AGENCY FEES AND SPENDING.**

(a) **FINDINGS.**—The House finds the following:

(1) Many Federal departments and agencies have permanent authority to collect and spend fees and other offsetting collections.

(2) The Office of Management and Budget estimates the total amount of offsetting fees and collections to be \$542 billion in fiscal year 2018.

(3) Agency budget justifications are, in some cases, not fully transparent about the amount of program activity funded

through offsetting collections or fees. This lack of transparency prevents effective and accountable Government.

(b) **POLICY ON EXPENDITURES FROM AGENCY FEES AND SPENDING.**—It is the policy of this concurrent resolution that the House should reassert its constitutional prerogative to control Federal spending and exercise rigorous oversight over Federal agencies. Congress should subject all fees paid by the public to Federal agencies to annual appropriations or authorizing legislation and a share of these proceeds should be reserved for taxpayers in the form of deficit reduction.

**SEC. 504. POLICY STATEMENT ON COMBATING THE OPIOID EPIDEMIC.**

(a) **FINDINGS.**—The House finds the following:

(1) According to the Centers for Disease Control and Prevention (CDC), on average, 115 Americans die each day from an opioid overdose.

(2) Forty percent of deaths from an opioid overdose are attributable to overdose from prescription opioids.

(3) Opioid overdose deaths involving a prescription opioid were five times higher in 2016 than in 1999.

(4) Since 1999, the number of prescription opioids sold in the U.S. has nearly quadrupled.

(5) Since 1999, the number of deaths from prescription opioids has more than quadrupled.

(6) The CDC asserts that improving opioid prescribing practices will reduce exposure to opioids, prevent abuse, and stop addiction.

(7) The CDC has found that individuals in rural counties are almost twice as likely to overdose on prescription painkillers as those in urban areas.

(8) According to the CDC, nearly 7,000 people are treated in emergency rooms every day for using opioids in a non-approved manner.

(9) The 21st Century Cures Act and the Comprehensive Addiction and Recovery Act were signed into law in the 114th Congress in an overwhelming display of congressional and executive branch support in the fight against the opioid epidemic.

(10) The Committee on Energy and Commerce and the Committee on Ways and Means have considered dozens of opioid epidemic-related bills during the 115th Congress.

(11) Bipartisan efforts to eliminate opioid abuse and provide relief from addiction for all Americans should continue.

(b) **POLICY ON OPIOID ABUSE.**—It is the policy of this concurrent resolution that (1) combating opioid abuse using available budgetary resources remains a high priority;

(2) the House, in a bipartisan manner, should continue to examine the Federal response to the opioid abuse epidemic and support essential activities to reduce and prevent substance abuse;

(3) the House should continue to support initiatives included in the 21st Century Cures Act and the Comprehensive Addiction and Recovery Act;

(4) the House should continue its oversight efforts, particularly ongoing investigations conducted by the House Committee on Energy and Commerce, to ensure that taxpayer dol-

lars intended to combat opioid abuse are spent appropriately and efficiently; and

(5) the House should collaborate with State, local, and tribal entities to develop a comprehensive strategy for addressing the opioid addiction crisis.

**SEC. 505. POLICY STATEMENT ON MEDICAL DISCOVERY, DEVELOPMENT, DELIVERY, AND INNOVATION.**

(a) FINDINGS.—The House finds the following:

(1) The Nation’s commitment to the discovery, development, and delivery of new treatments and cures has made the United States the biomedical innovation capital of the world for decades.

(2) The history of scientific discovery and medical breakthroughs in the United States is extensive, including the creation of the polio vaccine, the first genetic mapping, and the invention of the implantable cardiac pacemaker.

(3) Reuters ranked the United States Health and Human Services Laboratories as first in the world for innovation on its 2017 list of the Top 25 Global Innovators.

(4) The United States leads the world in the production of medical devices, and the United States medical device market accounts for approximately 40 percent of the global market.

(5) The United States remains a global leader in pharmaceutical research and development investment, has produced more than half of the world’s new molecules in the past decade, and represents the world’s largest pharmaceutical market, which is triple the size of the nearest rival, China.

(b) POLICY ON MEDICAL INNOVATION.—It is the policy of this concurrent resolution that—

(1) the Federal Government should foster investment in health care innovation and maintain the Nation’s world leadership status in medical science by encouraging competition;

(2) the House should continue to support the critical work of medical innovators throughout the country through continued funding for agencies, including the National Institutes of Health and the Centers for Disease Control and Prevention, to conduct life-saving research and development; and

(3) the Federal Government should unleash the power of private-sector medical innovation by removing regulatory obstacles that impede the adoption of new medical technology and pharmaceuticals.

**SEC. 506. POLICY STATEMENT ON MEDICAID WORK REQUIREMENTS.**

(a) FINDINGS.—The House finds the following:

(1) Medicaid is a Federal-State program that provides health care coverage for impoverished Americans.

(2) Medicaid serves four major population categories: the elderly, the blind and disabled, children, and adults.

(3) The Congressional Budget Office projects the average monthly enrollment in Medicaid for fiscal year 2018 to be 76 million people.

(4) Of this 76 million people, 27 million—more than one third of the enrollees—are non-elderly, non-disabled adults.

(5) Medicaid continues to grow at an unsustainable rate, and will cost approximately one trillion dollars per year within the decade, between Federal and State spending.

(6) Congress has a responsibility to preserve limited Medicaid resources for America's most vulnerable—those who cannot provide for themselves.

(7) In 2016, the Foundation for Government Accountability conducted a first-of-its-kind study on the power of work. It analyzed data from the State of Kansas, which demonstrates that work requirements have led to greater employment, higher incomes, and less poverty.

(8) The State of Maine implemented work requirements in 2014, and saw incomes rise for able-bodied welfare recipients by an average of 114 percent within a year.

(9) Work is a valuable source of human dignity, and work requirements help lift Americans out of poverty by incentivizing self-reliance.

(b) **POLICY ON MEDICAID WORK REQUIREMENTS.**—It is the policy of this concurrent resolution that—

(1) Congress should enact legislation that encourages able-bodied, non-elderly, non-pregnant adults without dependents to work, actively seek work, participate in a job-training program, or do community service, in order to receive Medicaid;

(2) Medicaid work requirements legislation could include 30 hours per week of work, of which 20 of those hours should be spent in the core activities of: public or private sector employment, work experience, on-the-job training, job-search or job-readiness assistance program participation, community service, or vocational training and education;

(3) States should be given flexibility to determine the parameters of qualifying program participation and work-equivalent experience;

(4) States should perform regular case checks to ensure taxpayer dollars are appropriately spent; and

(5) the Government Accountability Office or the Department of Health and Human Services Inspector General should conduct annual audits of State Medicaid programs to ensure proper reporting and prevent waste, fraud, and abuse.

**SEC. 507. POLICY STATEMENT ON MEDICARE.**

(a) **FINDINGS.**—The House finds the following:

(1) More than 58 million Americans depend on Medicare for their health security.

(2) The Medicare Trustees Report has repeatedly recommended that Congress address Medicare's long-term financial challenges. Each year without reform, the financial condition of Medicare becomes more precarious and the threat to those in or near retirement more pronounced. The current challenges that Congress will need to address include—

(A) the Hospital Insurance Trust Fund will be exhausted in 2026 and unable to pay the full scheduled benefits;

(B) Medicare enrollment is expected to increase more than 50 percent in the next two decades, as 10,000 baby boomers reach retirement age each day;

(C) due to extended life spans, enrollees remain in Medicare three times longer than at the outset of the program five decades ago;

(D) notwithstanding the program's trust fund arrangement, current workers' payroll tax contributions pay for current Medicare beneficiaries instead of being set aside for their own future use;

(E) the number of workers supporting each beneficiary continues to fall; in 1965, the ratio was 4.5 workers per beneficiary, and by 2030, the ratio will be only 2.4 workers per beneficiary;

(F) the average Medicare beneficiary receives about three dollars in Medicare benefits for every dollar paid into the program;

(G) Medicare is growing faster than the economy, with an average projected growth rate of 7 percent per year over the next 10 years; and

(H) by 2028, Medicare spending will reach more than \$1.5 trillion, more than double the 2017 spending level of \$702 billion.

(3) Failing to address the impending insolvency of Medicare will leave millions of American seniors without adequate health security and younger generations burdened with having to pay for these unsustainable spending levels.

(b) **POLICY ON MEDICARE REFORM.**—It is the policy of this concurrent resolution to save Medicare for those in or near retirement and to strengthen the program's solvency for future beneficiaries.

(c) **ASSUMPTIONS.**—This concurrent resolution assumes transition to an improved Medicare program that ensures (1) Medicare is preserved for current and future beneficiaries;

(2) future Medicare beneficiaries may select from competing guaranteed health coverage options for a managed care plan that best suits their needs;

(3) traditional fee-for-service Medicare remains a plan option;

(4) Medicare provides additional assistance for lower-income beneficiaries and those with greater health risks; and

(5) Medicare spending is put on a sustainable path and becomes solvent over the long term.

#### **SEC. 508. POLICY STATEMENT ON SOCIAL SECURITY.**

(a) **FINDINGS.**—The House finds the following:

(1) More than 60 million retirees, individuals with disabilities, and survivors depend on Social Security. Since enactment, Social Security has served as a vital leg of the "three-legged stool" of retirement security, which includes employer provided pensions as well as personal savings.

(2) Social Security's progressive benefit design provides lower lifetime earners with a Social Security benefit that replaces a higher percentage of their pre-retirement earnings than is the case for higher earners. Reforms should align with Social Security's progressive nature.

(3) The Social Security Trustees Report has repeatedly recommended that Social Security's longterm financial challenges be addressed soon.

(4) The financial condition of Social Security and the threat to seniors and those receiving Social Security disability benefits becomes more pronounced each year without reform. For example, according to the Congressional Budget Office (CBO)

(A) in 2025, the Disability Insurance Trust Fund will be exhausted and program revenues will be unable to pay scheduled benefits; and

(B) with the exhaustion of the combined Old-Age and Survivors and Disability Insurance Trust Funds in 2030, benefits will be cut by 28 percent across the board.

(5) The recession and slow recovery exacerbated the looming fiscal crisis facing Social Security. The most recent CBO projections find that Social Security will run a cumulative cash flow deficit of more than \$1.5 trillion over the next 10 years.

(6) The Disability Insurance program provides an essential income safety net for those with disabilities and their families. According to CBO, between 1970 and 2018 the number of disabled workers and their dependent family members receiving disability benefits has increased by about 280 percent from 2.7 million to close to 10.3 million. This increase is not due strictly to population growth or decreases in health. CBO also attributes program growth to changes in demographics and the composition of the labor force as well as Federal policies.

(7) In the past, Social Security has been reformed on a bipartisan basis, most notably by the “Greenspan Commission”, which helped address Social Security shortfalls for more than a generation.

(8) Americans deserve action by the President and Congress to preserve and strengthen Social Security to ensure that Social Security remains a critical part of the safety net.

(b) **POLICY ON SOCIAL SECURITY.**—It is the policy of this concurrent resolution that the House should work in a bipartisan manner to make Social Security solvent on a sustainable basis. This concurrent resolution assumes, under a reform trigger, that—

(1) if in any year the Board of Trustees of the Federal Old-Age and Survivors Insurance Trust Fund and the Federal Disability Insurance Trust Fund annual Trustees Report determines that the 75-year actuarial balance of the Social Security Trust Funds is in deficit, and the annual balance of the Social Security Trust Funds in the 75th year is in deficit, the Board of Trustees should, no later than September 30 of the same calendar year, submit to the President recommendations for statutory reforms necessary to achieve a positive 75-year actuarial balance and a positive annual balance in the 75th year, and any recommendations provided to the President must be agreed upon by both Public Trustees of the Board of Trustees;

(2) not later than December 1 of the same calendar year in which the Board of Trustees submit its recommendations, the President should promptly submit implementing legislation to both Houses of Congress including recommendations necessary to achieve a positive 75-year actuarial balance and a positive annual balance in the 75th year, and the majority leader of the Senate and the majority leader of the House should introduce the President’s legislation upon receipt;

(3) within 60 days of the President submitting legislation, the committees of jurisdiction should report a bill, which the House or Senate should consider under expedited procedures; and

(4) legislation submitted by the President should—

(A) protect those in or near retirement;

(B) preserve the safety net for those who count on Social Security the most, including those with disabilities and survivors;

(C) improve fairness for participants;

(D) reduce the burden on and provide certainty for future generations; and

(E) secure the future of the Disability Insurance program while addressing the needs of those with disabilities today and improving the determination process.

(c) **POLICY ON DISABILITY INSURANCE.**—It is the policy of this concurrent resolution that the House should consider legislation on a bipartisan basis to reform the Disability Insurance program prior to the exhaustion of the Disability Insurance Trust Fund in 2025 and should not reallocate funds from the Social Security Old-Age and Survivors Insurance Trust Fund without reforms to the Disability Insurance system. This concurrent resolution assumes reform that—

(1) promotes opportunity for those trying to return to work;

(2) ensures benefits continue to be paid to individuals with disabilities and their family members who rely on them;

(3) prevents a 12 percent across-the-board benefit cut; and

(4) improves the Disability Insurance program.

(d) **POLICY ON SOCIAL SECURITY SOLVENCY.**—It is the policy of this concurrent resolution that any legislation the House considers to improve the solvency of the Disability Insurance Trust Fund must also improve the longterm solvency of the combined Old Age and Survivors Disability Insurance Trust Funds.

**SEC. 509. POLICY STATEMENT ON HIGHER EDUCATION AND WORKFORCE DEVELOPMENT OPPORTUNITY.**

(a) **FINDINGS ON HIGHER EDUCATION.**—THE HOUSE FINDS THE FOLLOWING:

(1) A well-educated, high-skilled workforce is critical to economic, job, and wage growth.

(2) Average published tuition and fees have increased consistently above the rate of inflation across all types of colleges and universities.

(3) With an outstanding student loan portfolio of nearly \$1.4 trillion, the Federal Government is the largest education lender to undergraduate and graduate students, parents, and other guarantors.

(4) Students who do not complete their college degree are at a greater risk of defaulting on their loans than those who complete their degree.

(5) Participation in Federal income-driven repayment plans is rising, in terms of the percent of both borrowers and loan dollars, according to the Government Accountability Office. Because these plans offer loan balance forgiveness after a repay

ment period, this increased use portends higher projected costs to taxpayers.

(b) **POLICY ON HIGHER EDUCATION.**—It is the policy of this concurrent resolution to promote college affordability, access, and success by—

(1) reserving Federal financial aid for those most in need and streamlining grant and loan aid programs to help students and families more easily assess their options for financing postsecondary education; and

(2) removing regulatory barriers to reduce costs, increase access, and allow for innovative teaching models.

(c) **FINDINGS ON WORKFORCE DEVELOPMENT.**—The House finds the following:

(1) 6.1 million Americans are currently unemployed.

(2) Despite billions of dollars in spending, those looking for work are stymied by a broken workforce development system that fails to connect workers with assistance and employers with skilled personnel.

(3) The House Committee on Education and the Workforce successfully consolidated 15 workforce development programs when Congress enacted the Workforce Innovation and Opportunity Act in 2014.

(d) **POLICY ON WORKFORCE DEVELOPMENT.**—It is the policy of this concurrent resolution to build on the success of the Workforce Innovation and Opportunity Act by—

(1) further streamlining and consolidating Federal workforce development programs; and

(2) empowering States with the flexibility to tailor funding and programs to the specific needs of their workforce.

**SEC. 510. POLICY STATEMENT ON THE JUDGMENT FUND.**

(a) **FINDINGS.**—The House finds the following:

(1) The Judgment Fund (Fund), established in 1956, was created to pay judgments and settlements of lawsuits against the Federal Government.

(2) As a result of the Fund's design, it is ripe for executive branch exploitation. The Obama Administration used the Fund to make billions of dollars in payments to Federal agencies and foreign entities. For example—

(A) on January 17, 2016, the State Department announced the Federal Government agreed to pay the Iranian government \$1.7 billion to settle a case related to the sale of military equipment prior to the Iranian revolution, of which \$1.3 billion was sourced through the Fund, without prior congressional notification; the Obama Administration's use of the Fund to make this and other payments raises serious concerns by sidestepping Congress; and

(B) in 2016, the Department of Health and Human Services announced its intentions to use the Fund for settlements with health insurers who sued the Federal Government over the loss of funds for risk corridors under the Patient Protection and Affordable Care Act.

(3) Failing to address the lack of oversight over the Fund annually costs taxpayers billions of dollars, payments exceeded



\$3.8 billion in 2017, \$4.5 billion in 2016, and almost \$29 billion in the preceding 10-year period.

(b) **POLICY ON JUDGMENT FUND.**—It is the policy of this concurrent resolution that the House should consider legislation that reclaims Congress’s power of the purse over the Fund. Such legislation should—

(1) prohibit interest payments paid from the Fund for accounts or assets frozen by the Federal Government and listed on—

(A) the Sanctions Programs list of the Office of Foreign Asset Control of the Department of Treasury; or

(B) Sponsors of Terrorism list of the Department of State;

(2) amend sections 2414 and 1304 of titles 28 and 31, United States Code, respectively, to—

(A) provide a clear definition and explanation of a “foreign court or tribunal”; and

(B) require congressional notification whenever the Fund makes a settlement or court ordered lump sum or aggregated payment exceeding \$500 million; and

(3) require legislative action to approve payments from the Fund in excess of a specified threshold, increase transparency, and require Federal agencies to reimburse the Fund over a fixed time period.