

Interior; Financial Services and General Government; Agriculture, Rural Development and FDA; and Transportation, Housing and Urban Development Appropriations Act, 2019 – Second Minibus

S. Amdt. #3399, the Interior, Financial Services, Agriculture, and Transportation and HUD Appropriations Act

[SBC Staff: Ditch, McGuire, Borck]

The Republican staff of the Senate Budget Committee concludes that three points of order lie against Senate amendment #3399 to H.R. 6147, the Interior, and Financial Services and General Government Appropriations Act, 2019 (the second minibuss). The minibuss provides appropriations for fiscal year 2019 at levels consistent with current allocation levels.

The explanation below does not imply that the Budget Committee Chairman or any Republican Senator has decided to raise a point of order and should not be taken as such.

All years are fiscal years unless otherwise noted.

POINTS OF ORDER

Based on staff analysis of the Congressional Budget Office (CBO) estimate of the minibuss components, three points of order lie against the legislation.

Revenue Aggregates. The Senate is currently using the deemed 2019 budget resolution for enforcement purposes. Section 128 of Division B (Financial Services) allows the Bureau of Engraving and Printing (BEP) to construct a new production facility, which will affect remittances from the Federal Reserve (discussed further below). This provision would result in a revenue loss of nearly \$1.1 billion in 2019 and \$275 million from 2019-2023. These reductions cause total revenue to fall below what is required in the budget resolution over those two periods. This is a violation of section 311(a)(2)(B) of the Congressional Budget Act.

Senate Pay-As-You-Go (PAYGO). As detailed above, section 128 of the Financial Services division causes a reduction in revenues. This provision results in on-budget deficit increases for the 2019 (\$1.1 billion) and 2019-2023 (\$275 million) periods. These deficit increases trigger a violation of Senate PAYGO rules under section 4106 of the 2018 budget resolution (H. Con. Res. 71).

Budget Committee Jurisdiction. Section 748 of Division B provides the Office Management and Budget (OMB) with the authority to adjust the discretionary spending limits under section 251(c) of the Balanced Budget and Emergency Deficit Control Act (BBEDCA) of 1985 to account for estimating differences between OMB and CBO. Since BBEDCA's discretionary spending limits fall within Budget Committee jurisdiction, this provision violates section 306 of the Budget Act. It was routinely included in past omnibus appropriations bills, and total adjustments are limited to 0.2 percent of the sum of the adjusted discretionary limits this year.

COST

The legislation provides \$154.2 billion in budget authority for 2019 appropriations, including \$331 million for defense and \$153.9 billion for nondefense. The substitute amendment does not contain any spending that qualifies for a cap adjustment under section 251 of BBEDCA. While the bills include changes in mandatory programs (CHIMPs), they do not include any that count toward the enforceable \$15 billion limit found in section 4102 of H. Con. Res. 71 (2018 budget resolution). Further, Division D (THUD) includes advanced appropriations for Tenant-Based (\$4 billion) and Project-Based (\$400 million) Rental Assistance Programs. These appropriations are included in the limited exemptions list for advanced appropriations, enforced under section 4101 of H. Con. Res. 71.

As shown in the table below, the budgetary effects of the substitute amendment for budget authority (both defense and nondefense) and outlays equal allocated levels. The last Appropriations 302(b) allocation—which establishes spending levels for each appropriations subcommittee—was filed by the Appropriations Committee on June 28, 2018.

July Minibus Spending Levels						
(\$ billions)						
<u>Subcommittee</u>	Senate 302(b) Allocation			Senate Substitute		
	<u>Defense</u>	<u>Nondefense</u>	<u>Outlays</u>	<u>Defense</u>	<u>Nondefense</u>	<u>Outlays</u>
	<u>BA</u>	<u>BA</u>		<u>BA</u>	<u>BA</u>	
Agriculture	0.000	23.235	24.446	0.000	23.235	24.446
Financial Services	0.031	23.657	23.138	0.031	23.657	23.138
Interior	0.000	35.853	35.320	0.000	35.853	35.32
Transportation-HUD	0.300	71.117	132.712	0.300	71.117	132.712

While discretionary levels in the substitute amendment are consistent with enforceable levels, section 128 of Division B causes a breach of the enforceable revenue floor. This section allows the BEP to purchase land and construct a currency production facility. Building a new facility would require a near-term increase in the payment BEP receives from the Federal Reserve to cover production costs, which would then cause a decline in the remittances sent to the Treasury, resulting in a revenue loss. Still, CBO estimates that in the outyears remittances would increase as production and operating costs decrease. As such, the provision has an immediate cost of \$1.1 billion in 2019, which falls to \$275 million over five years and then to zero over the entirety of the budget window.

PROCEDURAL STATUS

On Thursday, July 19, 2018, the House passed H.R. 6147, the minibus, by a vote of 217-199. The Senate is now considering its substitute amendment to the measure.

Please contact David Ditch (Agriculture/FDA, Financial Services/General Government), Ali McGuire (Interior), or Tom Borck (Transportation/HUD) of the Budget Committee with any questions. Thank you.