

## 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 rulemaking 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 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 suballocate 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 conference 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.