



May 11, 2018

Honorable Kevin McCarthy
Majority Leader
U.S. House of Representatives
Washington, DC 20515

Re: H.R. 3, the Spending Cuts to Expired and Unnecessary Programs Act, as Introduced on May 9, 2018

Dear Mr. Leader:

At your request, the Congressional Budget Office has reviewed H.R. 3, the Spending Cuts to Expired and Unnecessary Program Act, as introduced on May 9, 2018.

The bill would rescind budget authority that was proposed to be rescinded in special messages transmitted to the Congress by the President on May 8, 2018, pursuant to Title X of the Impoundment Control Act of 1974.¹

Assuming enactment by the end of June 2018, CBO estimates that the provisions of H.R. 3 would reduce budget authority by approximately \$15 billion and outlays by \$1 billion over the 2018-2028 period. Further, CBO estimates that the combined budgetary effects of the President's proposals would be the same as the contents of H.R. 3.

Outlay savings would be significantly lower than the amount of budget authority rescinded for two reasons. First, many of the amounts proposed for rescission have remained unspent by agencies for years; CBO reviewed the historical spending patterns of the affected accounts and concluded that most of the funding would not be spent under current law. Second, the administration has indicated that these proposals are aimed at reducing funding that is no longer necessary for agencies to fulfill the purposes for which it was originally appropriated by the Congress. In a letter from the Office of Management and Budget accompanying the President's special

1. See www.whitehouse.gov/wp-content/uploads/2018/05/POTUS-Rescission-Transmittal-Package-5.8.2018.pdf.

Honorable Kevin McCarthy
Page 2

messages, the Administration estimates that those proposals would reduce outlays by \$3 billion.

On May 8, 2018, CBO transmitted a letter providing an estimate for two proposed rescissions (R18-15 and R18-17) included in the Administration's transmission.² Substantively identical proposals are included in H.R. 3, and the estimates provided in that letter are the same as those in this letter.

Further details about the reductions in budget authority and estimated outlays are displayed in the enclosed Table 1.

I hope this information is helpful to you.

Sincerely,

A handwritten signature in black ink that reads "Keith Hall" with a stylized flourish at the end.

Keith Hall
Director

cc: Honorable Nancy Pelosi
Democratic Leader

2. See www.cbo.gov/publication/53830.

CBO ESTIMATE FOR H.R. 3—SPENDING CUTS TO EXPIRED AND UNNECESSARY PROGRAMS ACT, AS INTRODUCED ON MAY 9, 2018

		Spending by Fiscal Year, in Millions of Dollars											2018-	2018-
		2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2023	2028
Department of Agriculture														
Animal and Plant Health Inspection	BA:	0	0	0	0	0	0	0	0	0	0	0	0	0
Service (R18-1) ^a	O:	0	0	0	0	0	0	0	0	0	0	0	0	0
Farm Security and Rural Investment	BA:	-500	0	0	0	0	0	0	0	0	0	0	-500	-500
Program (R18-2) ^b	O:	0	-5	-10	-15	-10	-5	-3	-2	0	0	0	-45	-50
Watershed and Flood Prevention	BA:	-107	0	0	0	0	0	0	0	0	0	0	-107	-107
Operations (R18-3(1)) ^c	O:	0	-10	-5	0	0	0	0	0	0	0	0	-15	-15
Watershed and Flood Prevention	BA:	-50	0	0	0	0	0	0	0	0	0	0	-50	-50
Operations (R18-3(2))	O:	0	-23	-8	-5	0	0	0	0	0	0	0	-36	-36
Rural Housing Service (R18-4)	BA:	-40	0	0	0	0	0	0	0	0	0	0	-40	-40
	O:	-20	-19	-1	0	0	0	0	0	0	0	0	-40	-40
Rural Community Facilities	BA:	-2	0	0	0	0	0	0	0	0	0	0	-2	-2
Program Account (R18-5)	O:	0	-1	-1	0	0	0	0	0	0	0	0	-2	-2
Rural Cooperative Development	BA:	-15	0	0	0	0	0	0	0	0	0	0	-15	-15
Grants (R18-6)	O:	0	-5	-4	-4	-2	0	0	0	0	0	0	-15	-15
Biorefinery Assistance Program ^b	BA:	-36	0	0	0	0	0	0	0	0	0	0	-36	-36
(R18-7)	O:	0	-7	-11	-11	-7	0	0	0	0	0	0	-36	-36
High Energy Cost Grants (R18-8)	BA:	-13	0	0	0	0	0	0	0	0	0	0	-13	-13
	O:	0	-3	-6	-4	0	0	0	0	0	0	0	-13	-13
Rural Water and Waste Disposal	BA:	-37	0	0	0	0	0	0	0	0	0	0	-37	-37
Program Account (R18-9)	O:	0	-9	-10	-8	-5	-3	-1	0	0	0	0	-35	-36
Forest Service, Land Acquisition	BA:	-16	0	0	0	0	0	0	0	0	0	0	-16	-16
(R18-10)	O:	0	-5	-5	-4	-2	0	0	0	0	0	0	-16	-16
Subtotal, Department of Agriculture	BA:	-816	0	0	0	0	0	0	0	0	0	0	-816	-816
	O:	-20	-87	-61	-51	-26	-8	-4	-2	0	0	0	-253	-259
Department of Commerce														
Economic Development	BA:	-30	0	0	0	0	0	0	0	0	0	0	-30	-30
Assistance Programs (R18-11)	O:	-1	-7	-7	-8	-6	-1	0	0	0	0	0	-30	-30
Department of Energy														
Advanced Technology Vehicles	BA:	-4,333	0	0	0	0	0	0	0	0	0	0	-4,333	-4,333
Manufacturing Loan Program (R18-12) ^d	O:	-3	-7	-10	-10	-10	-10	-10	-10	-10	-10	-10	-50	-100
Title 17 Innovative Technology Loan	BA:	-161	0	0	0	0	0	0	0	0	0	0	-161	-161
Guarantee Program (R18-13)	O:	0	0	0	-1	-2	-2	-2	-2	-2	-2	-2	-5	-15
Title 17 Innovative Technology Loan	BA:	-523	0	0	0	0	0	0	0	0	0	0	-523	-523
Guarantee Program (R18-14) ^d	O:	0	-1	-1	-1	-1	-1	-1	-1	-1	-1	-1	-5	-10
Subtotal, Department of Energy	BA:	-5,017	0	0	0	0	0	0	0	0	0	0	-5,017	-5,017
	O:	-3	-8	-11	-12	-13	-13	-13	-13	-13	-13	-13	-60	-125
Department of Health and Human Services														
Children's Health Insurance Fund ^b	BA:	-5,150	0	0	0	0	0	0	0	0	0	0	-5,150	-5,150
(R18-15)	O:	0	0	0	0	0	0	0	0	0	0	0	0	0
Centers for Medicare and Medicaid	BA:	-800	0	0	0	0	0	0	0	0	0	0	-800	-800
Innovation (R18-16) ^b	O:	0	0	0	0	0	0	0	0	0	0	0	0	0
Child Enrollment Contingency Fund ^b	BA:	-1,865	0	0	0	0	0	0	0	0	0	0	-1,865	-1,865
(R18-17)	O:	0	0	0	0	0	0	0	0	0	0	0	0	0
Nonrecurring Expenses Fund (R18-18)	BA:	-220	0	0	0	0	0	0	0	0	0	0	-220	-220
	O:	-3	-52	-55	-33	-22	-22	-11	0	0	0	0	-187	-198
Subtotal, Department of Health and Human Services	BA:	-8,035	0	0	0	0	0	0	0	0	0	0	-8,035	-8,035
	O:	-3	-52	-55	-33	-22	-22	-11	0	0	0	0	-187	-198

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CBO ESTIMATE FOR H.R. 3—SPENDING CUTS TO EXPIRED AND UNNECESSARY PROGRAMS ACT, AS INTRODUCED

Continued

		Spending by Fiscal Year, in Millions of Dollars											2018-	2018-
		2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2023	2028
Department of Housing and Urban Development														
Public Housing and Capital Fund (R18-19)	BA:	-1	0	0	0	0	0	0	0	0	0	0	-1	-1
	O:	0	0	0	0	0	0	0	0	0	0	0	0	0
Public Housing and Capital Fund (R18-20)	BA:	-5	0	0	0	0	0	0	0	0	0	0	-5	-5
	O:	0	-2	-2	-1	0	0	0	0	0	0	0	-5	-5
Public Housing and Capital Fund (R18-21)	BA:	-32	0	0	0	0	0	0	0	0	0	0	-32	-32
	O:	-2	-10	-11	-6	-2	0	0	0	0	0	0	-31	-31
Public Housing and Capital Fund (R18-22)	BA:	-1	0	0	0	0	0	0	0	0	0	0	-1	-1
	O:	0	0	0	0	0	0	0	0	0	0	0	0	0
Subtotal, Department of Housing and Urban Development	BA:	-39	0	0	0	0	0	0	0	0	0	0	-39	-39
	O:	-2	-12	-13	-7	-2	0	0	0	0	0	0	-36	-36
Department of Justice														
Assets Forfeiture Fund (R18-23) ^b	BA:	-106	0	0	0	0	0	0	0	0	0	0	-106	-106
	O:	-5	-53	-43	-5	0	0	0	0	0	0	0	-106	-106
Department of Labor														
Training and Employment Services ^{b,d} (R18-24)	BA:	-23	0	0	0	0	0	0	0	0	0	0	-23	-23
	O:	0	0	0	0	0	0	0	0	0	0	0	0	0
Department of State and International Assistance Programs														
Complex Crises Fund (R18-25)	BA:	-30	0	0	0	0	0	0	0	0	0	0	-30	-30
	O:	0	-5	-2	-1	0	0	0	0	0	0	0	-8	-8
Millennium Challenge Corporation (R18-26)	BA:	-52	0	0	0	0	0	0	0	0	0	0	-52	-52
	O:	0	-4	-7	-10	-9	-8	-5	-4	-3	-1	-1	-38	-52
International Disaster Assistance ^c (R18-27)	BA:	-252	0	0	0	0	0	0	0	0	0	0	-252	-252
	O:	0	0	0	0	0	0	0	0	0	0	0	0	0
Subtotal, Department of State and International Assistance Programs	BA:	-334	0	0	0	0	0	0	0	0	0	0	-334	-334
	O:	0	-9	-9	-11	-9	-8	-5	-4	-3	-1	-1	-46	-60
Department of Transportation														
Federal Highway Administration, Misc. Appropriations (R18-28)	BA:	-86	0	0	0	0	0	0	0	0	0	0	-86	-86
	O:	0	0	-6	-10	-10	-10	-10	-10	-10	-10	-10	-36	-86
Appalachian Development Highway System (R18-29)	BA:	-45	0	0	0	0	0	0	0	0	0	0	-45	-45
	O:	0	0	-5	-5	-5	-5	-5	-5	-5	-5	-5	-20	-45
Federal Highway Administration, Misc. Highway Trust Funds (R18-30)	BA:	-48	0	0	0	0	0	0	0	0	0	0	-48	-48
	O:	0	0	-8	-5	-5	-5	-5	-5	-5	-5	-5	-23	-48
Federal Railroad Administration (R18-31)	BA:	-53	0	0	0	0	0	0	0	0	0	0	-53	-53
	O:	0	0	0	0	0	0	0	0	0	0	0	0	0
Federal Transit Administration, Formula Grants (R18-32)	BA:	-47	0	0	0	0	0	0	0	0	0	0	-47	-47
	O:	0	0	-15	-10	-5	-5	-5	-5	0	0	0	-35	-45
Subtotal, Department of Transportation	BA:	-279	0	0	0	0	0	0	0	0	0	0	-279	-279
	O:	0	0	-34	-30	-25	-25	-25	-25	-20	-20	-20	-114	-224
Department of the Treasury														
Treasury Forfeiture Fund (R18-33) ^b	BA:	-53	0	0	0	0	0	0	0	0	0	0	-53	-53
	O:	0	-27	-16	-10	0	0	0	0	0	0	0	-53	-53
Community Development Financial Institutions Fund (R18-34)	BA:	-23	0	0	0	0	0	0	0	0	0	0	-23	-23
	O:	-2	-17	-2	-1	0	0	0	0	0	0	0	-22	-22
Capital Magnet Fund (R18-35) ^b	BA:	-142	0	0	0	0	0	0	0	0	0	0	-142	-142
	O:	-21	-106	-14	0	0	0	0	0	0	0	0	-141	-141
Subtotal, Department of the Treasury	BA:	-218	0	0	0	0	0	0	0	0	0	0	-218	-218
	O:	-23	-150	-32	-11	0	0	0	0	0	0	0	-216	-216

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CBO ESTIMATE FOR H.R. 3—SPENDING CUTS TO EXPIRED AND UNNECESSARY PROGRAMS ACT, AS INTRODUCED

Continued

		Spending by Fiscal Year, in Millions of Dollars											2018-	2018-
		2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2023	2028
Environmental Protection Agency														
Environmental Programs and Management (R18-36)	BA:	-10	0	0	0	0	0	0	0	0	0	0	-10	-10
	O:	-7	-2	-1	0	0	0	0	0	0	0	0	-10	-10
Corporation for National and Community Service														
Gifts and Contributions (R18-37)	BA:	-150	0	0	0	0	0	0	0	0	0	0	-150	-150
	O:	0	0	0	0	0	0	0	0	0	0	0	0	0
Railroad Retirement Board														
Railroad Unemployment and Insurance	BA:	-133	0	0	0	0	0	0	0	0	0	0	-133	-133
Extended Benefits Payments (R18-38) ^b	O:	0	0	0	0	0	0	0	0	0	0	0	0	0
Total	BA:	-15,190	0	0	0	0	0	0	0	0	0	0	-15,190	-15,190
	O:	-64	-380	-266	-168	-103	-77	-58	-44	-36	-34	-34	-1,058	-1,264

Source: Congressional Budget Office; BA = Budget Authority; O = Estimated Outlays.

Assumes enactment by the end of June, 2018.

Upon enactment, the Spending Cuts to Expired and Unnecessary Programs Act (H.R. 3) would rescind \$15 billion of budget authority; those rescissions were also proposed in special messages transmitted to the Congress by the President on May 8, 2018, in accordance with Title X of the Impoundment Control Act of 1974. Of the \$15 billion in budget authority, CBO estimates that \$9,952 million would be credited to amounts constrained by the cap on nondefense discretionary spending for fiscal year 2018. Those caps were established by the Budget Control Act of 2011 (P.L. 111-25), and most recently amended by the Bipartisan Budget Act of 2018 (P.L. 115-123).

Each entry in Table 1 provides CBO’s estimate of the budgetary effects of H.R. 3, the account or bureau which would be affected, and a reference to the corresponding proposal (R18-1 through R18-38) contained in the President’s special message, available here: <https://www.whitehouse.gov/omb/budget-rescissions-deferrals/>

- a. Section 2(b)(1) of H.R. 3 would rescind \$148 million from the Animal and Plant Service (APHIS), Salaries and Expenses account (Treasury account identification 12X1600). Based on information provided in the President’s proposal, CBO assumes that this provision would rescind funds that were transferred to APHIS from the Commodity Credit Corporation (CCC); CCC has an indefinite appropriation that is permanently available. Because the CCC could use that indefinite appropriation authority to transfer additional balances in the future, CBO estimates that section 2(b)(1) would not reduce the net budget authority available to the Department of Agriculture.
- b. This proposal would rescind budget authority from a mandatory account, sometimes referred to as a “change in a mandatory program,” or “CHIMP.” The budgetary effects of changes in mandatory programs, when included in appropriation acts, are treated as discretionary amounts, and generally count toward the amounts constrained by the caps on discretionary spending. In total, CBO estimates that \$8,808 million of the budget authority that would be rescinded by H.R. 3 is from CHIMPs, and would result in a reduction of \$386 million in outlays over the 2018-2028 period.
- c. This proposal would rescind budget authority that was previously designated as an emergency requirement pursuant to section 251 of the Balanced Budget and Emergency Deficit Control Act of 1985 (Deficit Control Act). CBO estimates that H.R. 3 would rescind \$359 million of such emergency funding, resulting in a reduction of outlays of \$15 million over the 2018-2028 period. The Office of Management and Budget would decrease the spending limits for fiscal year 2018 for nondefense funding to account for those reductions in budget authority.
- d. Sections 2(b)(12), 2(b)(14), and 2(b)(23) would rescind budget authority that was previously designated as an emergency requirement pursuant to a concurrent resolution on the budget, but not pursuant to the Deficit Control Act. Rescissions of funds designated as an emergency requirement pursuant to a concurrent resolution on the budget do not allow for adjustments to the caps, nor do they offset funding constrained by the caps. CBO estimates that H.R. 3 would rescind \$4,879 million of such emergency funding, resulting in a reduction in outlays of \$110 million over the 2018-2028 period.