



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

October 10, 2018

THE DIRECTOR

The Honorable Paul D. Ryan
Speaker of the House of Representatives
Washington, D.C. 20515

Dear Mr. Speaker:

Section 251(a)(7) of the Balanced Budget and Emergency Deficit Control Act of 1985 requires that the Office of Management and Budget (OMB) submit a report to the Congress on discretionary appropriations legislation within seven calendar days of enactment (excluding Saturdays, Sundays, and legal holidays). The report must contain the OMB and Congressional Budget Office (CBO) estimates of discretionary new budget authority provided by the legislation and an explanation of any differences between the two estimates.

Enclosed is the report for the Department of Defense and Labor, Health and Human Services, and Education Appropriations Act, 2019 and Continuing Appropriations Act, 2019 (Public Law 115-245). The President signed this Act into law on September 28, 2018. The enclosed report includes separate appropriations reports on each of the bills contained in this Act:

1. The Department of Defense Appropriations Act, 2019 (Division A) – Table 1, page 1; and
2. The Departments of Labor, Health and Human Services, and Education, and Related Agencies Appropriations Act, 2019 (Division B) – Table 2, page 3.

OMB does not report on the budgetary effects of continuing appropriations or incomplete appropriations Acts; therefore, this report does not include estimates of amounts provided in Division C of the Act.

Sincerely,

Mick Mulvaney
Director

Enclosure

Identical Letter Sent to The Honorable Michael R. Pence

Table 1.
CBO Estimates Compared to OMB Estimates for Division A of Public Law 115-245
Department of Defense Appropriations Act, 2019
(in millions of dollars)

	2019 Enacted Budget Authority
<u>DEFENSE CATEGORY DISCRETIONARY APPROPRIATIONS</u>	
<i>Defense Category-Base Appropriations</i>	
CBO ESTIMATE, DEFENSE CATEGORY-BASE DISCRETIONARY APPROPRIATIONS ¹	606,340
<u>Scorekeeping Differences:</u>	
Department of Defense--Military Programs:	
Other Department of Defense Programs:	
Defense Health Program.....	+1
The scoring difference for the Defense Health Program is due to rounding. CBO totals all appropriations and rescissions into a grand total and then rounds to the nearest whole million. OMB rounds each individual appropriation and rescission to the nearest whole million and then adds to a total.	
CBO Rounding Plug	+1
CBO uses this account to reconcile the CBO total for the Act (tracked in millions) with the Appropriations Subcommittee's Comparative Statement of Budget Authority (CSBA) total (tracked in thousands). OMB scoring does not include a reconciliation with the CSBA.	
TOTAL DIFFERENCES	+2
OMB ESTIMATE, DEFENSE CATEGORY-BASE APPROPRIATIONS	606,342
<i>Defense Category-Overseas Contingency Operations/Global War on Terrorism (OCO/GWOT) Appropriations</i>	
CBO ESTIMATE, DEFENSE CATEGORY-OCO/GWOT DISCRETIONARY APPROPRIATIONS ¹	67,914
<u>Scorekeeping Differences:</u>	
Department of Defense--Military Programs:	
Operation and Maintenance:	
Operation and Maintenance, Marine Corps Reserve.....	+3
CBO inadvertently did not score the \$3 million OCO appropriation provided to this account.	
CBO Rounding Plug	-2
CBO uses this account to reconcile the CBO total for the Act (tracked in millions) with the Appropriations Subcommittee's Comparative Statement of Budget Authority (CSBA) total (tracked in thousands). OMB scoring does not include a reconciliation with the CSBA.	
TOTAL DIFFERENCES	+1
OMB ESTIMATE, DEFENSE CATEGORY-OCO/GWOT DISCRETIONARY APPROPRIATIONS	67,915

Table 1.
CBO Estimates Compared to OMB Estimates for Division A of Public Law 115-245
Department of Defense Appropriations Act, 2019
(in millions of dollars)

	2019 Enacted Budget Authority
<u>DEFENSE CATEGORY DISCRETIONARY APPROPRIATIONS</u>	
<i>Defense Category-Base Appropriations</i>	
<u>NON-DEFENSE CATEGORY DISCRETIONARY APPROPRIATIONS</u>	
<i>Non-Defense Category-Base Appropriations</i>	
CBO ESTIMATE, NON-DEFENSE CATEGORY - BASE APPROPRIATIONS ¹	129
NO BUDGET AUTHORITY DIFFERENCES	
OMB ESTIMATE, NON-DEFENSE CATEGORY - BASE DISCRETIONARY APPROPRIATIONS.....	129
<u>SUMMARY</u>	
CBO TOTAL, DEFENSE APPROPRIATIONS ¹	674,383
<i>CBO Defense Category Subtotal.....</i>	<i>606,340</i>
<i>CBO Defense Category OCO/GWOT Subtotal.....</i>	<i>67,914</i>
<i>CBO Non-Defense Category Subtotal.....</i>	<i>129</i>
TOTAL DIFFERENCES.....	+3
<i>Defense Category Differences.....</i>	<i>+2</i>
<i>Defense Category OCO/GWOT Differences.....</i>	<i>+1</i>
<i>Non-Defense Category Differences.....</i>	<i>---</i>
OMB TOTAL, DEFENSE APPROPRIATIONS.....	674,386
<i>OMB Defense Category Subtotal.....</i>	<i>606,342</i>
<i>OMB Defense Category OCO/GWOT Subtotal.....</i>	<i>67,915</i>
<i>Non-Defense Category Differences.....</i>	<i>129</i>

¹ CBO data received by OMB on September 14, 2018.

Table 2.
CBO Estimates Compared to OMB Estimates for Division B of Public Law 115-245
Labor, Health and Human Services, and Education, and Related Agencies Appropriations Act, 2019
(in millions of dollars)

	2019 Enacted Budget Authority
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NON-DEFENSE CATEGORY DISCRETIONARY APPROPRIATIONS

Non-Defense Category - Changes in Mandatory Programs (CHIMPs)

CBO ESTIMATE, NON-DEFENSE CATEGORY - CHIMPs ¹	-7,366
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Scorekeeping Differences:

Department of Health and Human Services:

Centers for Medicare and Medicaid Services:

Children's Health Insurance Fund.....	+36
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Section 528 of the Act precludes amounts deposited into the Child Enrollment Contingency Fund plus income derived from investment in the Fund from obligation in fiscal year 2019. The preclusion also delays a transfer to the Performance Bonus Fund within the Children's Health Insurance Fund and therefore a savings is scored to this account. CBO estimates a savings of -\$5,654 million whereas OMB estimates a savings of -\$5,618 million. The +\$36 million difference is due to CBO's higher estimate of interest earned in the Fund.

Department of Education:

Office of Federal Student Aid:

Student Financial Assistance.....	-39
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The appropriations language under the Student Financial Assistance header increases the maximum Pell award during award year 2019-2020 by \$100 to \$5,135. OMB estimates zero mandatory cost to this provision because the majority of recipients see no change in the portion of their grant paid for with mandatory funds, while a small increase in mandatory Pell funding for some recipients will be offset by a portion of Pell Grants that will now be paid for with discretionary funds. CBO estimates the award increase to cost \$39 million in mandatory funding, mainly due to their higher estimate of the number of newly eligible students who will use a Pell Grant.

Department of Labor:

Employment and Training Administration:

Training and Employment Services.....	-2
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Section 113 of the Act allows the Secretary of Labor to transfer up to \$2 million in excess personal property to non-Federal apprenticeship programs. CBO assumes this authority would result in a loss of receipts because the Government would no longer have the ability to sell excess property transferred pursuant to this provision and therefore scores a cost of \$2 million. Based on historical trends, OMB estimates that of the excess personal property the Department of Labor reports each year, only a small percentage generates proceeds from sale. OMB estimates that the cost associated with lost proceeds in 2019 would be less than \$250,000 resulting in a difference in budget authority of -\$2 million.

Table 2.
CBO Estimates Compared to OMB Estimates for Division B of Public Law 115-245
Labor, Health and Human Services, and Education, and Related Agencies Appropriations Act, 2019
(in millions of dollars)

	2019 Enacted Budget Authority
TOTAL DIFFERENCES	-5
OMB ESTIMATE, NON-DEFENSE CATEGORY - CHIMPs	-7,371
<i>Non-Defense Category - Base Appropriations</i>	
CBO ESTIMATE, NON-DEFENSE CATEGORY - BASE APPROPRIATIONS ¹	185,442
Scorekeeping Differences:	
Department of Education:	
Office of Special Education and Rehabilitative Services:	
Special Education.....	+1
The +\$1 million difference in budget authority is due to rounding. CBO rounds the amount provided to this account (\$13,468,728,000) down to \$13,468 million whereas OMB rounds up to \$13,469 million.	
Office of Elementary and Secondary Education:	
School Improvement Programs.....	+1
The +\$1 million difference in budget authority is due to rounding. CBO rounds the amount provided to this account (\$5,246,967,000) down to \$5,246 million whereas OMB rounds up to \$5,247 million.	
Department of Health and Human Services:	
National Institutes of Health:	
National Institutes of Health.....	-6
CBO inadvertently did not score a mandated transfer of \$5 million from this account to the HHS Office of the Inspector General, resulting in a -\$5 million different in budget authority. In addition, there is a -\$1 million difference in budget authority due to rounding. CBO rounds each institute individually to the nearest million and then adds the pieces whereas OMB adds together funding for all institutes and rounds the total to the nearest million.	
Office of the Inspector General:	
Office of the Inspector General.....	+5
CBO inadvertently did not score a mandated transfer of \$5 million to this account from the National Institutes of Health, resulting in a +\$5 million difference in budget authority.	

Table 2.

**CBO Estimates Compared to OMB Estimates for Division B of Public Law 115-245
Labor, Health and Human Services, and Education, and Related Agencies Appropriations Act, 2019**
(in millions of dollars)

	2019 Enacted Budget Authority
Department of Labor:	
Employment and Training Administration:	
Unemployment Trust Fund.....	-10
<p>CBO scores \$10 million for the Average Weekly Insured Unemployment contingent appropriation in 2019 based on the trigger level in the language of 2.030 million, while OMB estimates that no contingent appropriation will be necessary. CBO's workload estimates, which trigger the contingency appropriation, are higher than OMB's estimates, resulting in the budget authority difference.</p>	
Social Security Administration (SSA):	
Supplemental Security Income Program.....	+94
<p>OMB scores the first \$7 million of the "Research and Demonstration" portion of the SSI account (\$101 million in for 2019) as mandatory and the rest as discretionary because spending for certain activities in this account is controlled through the appropriations process, while CBO scores the entire "Research and Demonstration" portion as mandatory, resulting in a budget authority difference of +\$94 million.</p>	
Appropriation of State Supplemental Fees.....	+5
State Supplemental Fee Estimates.....	-5
<p>CBO has a lower estimate of collections and spending of State Supplemental Fees (SSF) (-\$129 million) than OMB (-\$134 million). OMB and CBO use different assumptions regarding the number of SSI beneficiaries that will receive a state supplement, and therefore, the amount of fees for administering the supplement that SSA will collect. CBO's assumption of the number of people anticipated to get state supplement payments each month is extrapolated from SSA's research office database, while OMB's assumption is based on SSA's actuarial data.</p>	
Corporation for National and Community Service:	
Operating Expenses.....	+1
<p>The +\$1 million difference in budget authority is due to rounding. CBO rounds the amount provided to this account (\$786,629,000) down to \$786 million whereas OMB rounds up to \$787 million.</p>	
CBO Rounding Adjustment.....	-2
<p>CBO uses this account to reconcile the CBO total for the Act (tracked in millions) with the Appropriations Subcommittee's Comparative Statement of Budget Authority (CSBA) total (tracked in thousands). OMB scoring does not include a reconciliation with the CSBA.</p>	
TOTAL DIFFERENCES.....	+84
OMB ESTIMATE, NON-DEFENSE CATEGORY - BASE APPROPRIATIONS.....	185,526

Table 2.

**CBO Estimates Compared to OMB Estimates for Division B of Public Law 115-245
Labor, Health and Human Services, and Education, and Related Agencies Appropriations Act, 2019**
(in millions of dollars)

	2019 Enacted Budget Authority
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Non-Defense Category - Program Integrity Discretionary Appropriations

CBO ESTIMATE, NON-DEFENSE CATEGORY - PROGRAM INTEGRITY ¹	1,897
NO BUDGET AUTHORITY DIFFERENCES	
OMB ESTIMATE, NON-DEFENSE CATEGORY - PROGRAM INTEGRITY	1,897

SUMMARY

CBO TOTAL, LABOR, HHS, EDUCATION AND RELATED AGENCIES APPROPRIATIONS ¹	179,973
<i>CBO Non-Defense Category Base Subtotal (including CHIMPs)</i>	178,076
<i>CBO Non-Defense Category Program Integrity Subtotal</i>	1,897
TOTAL DIFFERENCES	+79
<i>Non-Defense Category Base Differences (including CHIMPs)</i>	+79
<i>Non-Defense Category Program Integrity Differences</i>	---
OMB TOTAL, LABOR, HHS, EDUCATION AND RELATED AGENCIES APPROPRIATIONS	180,052
<i>OMB Non-Defense Category Base Subtotal (including CHIMPs)</i>	178,155
<i>OMB Non-Defense Category Program Integrity Subtotal</i>	1,897

MEMORANDUM :

CURES APPROPRIATIONS

CBO ESTIMATE, CURES APPROPRIATIONS, LABOR, HHS, EDUCATION ¹	711
NO CURES APPROPRIATIONS DIFFERENCES	
OMB ESTIMATE, CURES APPROPRIATIONS, LABOR, HHS, EDUCATION	711

The 21st Century CURES Act permitted funds to be appropriated for certain activities and not counted towards the discretionary caps so long as the appropriations were specifically provided for the authorized purposes. These amounts are displayed outside of the discretionary totals for this reason.

¹ CBO data received by OMB on September 14, 2018.

Table 3.
Enacted Appropriations as of October 2, 2018 ¹
(in millions of dollars)

	2019 Enacted Budget Authority
DEFENSE CATEGORY	
Discretionary Spending Limit ²	647,000
Appropriations previously enacted ³	32,774
Newly Enacted Base Defense Appropriations:	
Amounts provided in Division A of Public Law 115-245, the Department of Defense Appropriations Act, 2019.....	606,342
Total, All Enacted Base Defense Appropriations.....	639,116
Defense Appropriations Over (+)/Under (-) spending limit ²	-7,884
NON-DEFENSE CATEGORY	
Discretionary Spending Limit ²	597,000
Appropriations previously enacted ³	113,736
Newly Enacted Base Non-Defense Appropriations:	
Amounts provided in Division A of Public Law 115-245, the Department of Defense Appropriations Act, 2019.....	129
Amounts provided in Division B of Public Law 115-245, the Departments of Labor, Health and Human Services, and Education, and Related Agencies Appropriations Act, 2019.....	178,155
Total, All Enacted Base Non-Defense Appropriations.....	292,020
Non-Defense Appropriations Over (+)/Under (-) spending limit ²	-304,980

Table 3.
Enacted Appropriations as of October 2, 2018 ¹
(in millions of dollars)

	2019 Enacted Budget Authority
TOTAL DISCRETIONARY APPROPRIATIONS	
Discretionary Spending Limits ²	1,244,000
Appropriations previously enacted ³	146,510
Newly Enacted Base Appropriations:	
Amounts provided in Division A of Public Law 115-245, the Department of Defense Appropriations Act, 2019.....	606,471
Amounts provided in Division B of Public Law 115-245, the Departments of Labor, Health and Human Services, and Education, and Related Agencies Appropriations Act, 2019.....	178,155
Total, All Enacted Discretionary Appropriations.....	931,136
Discretionary Appropriations Over (+)/Under (-) spending limits ²	-312,864
Defense Appropriations designated by the Congress and the President for Overseas Contingency Operations/Global War on Terrorism (OCO/GWOT) ⁴	
<i>Appropriations previously enacted ³</i>	921
<i>Amounts provided in Division A of Public Law 115-245, the Department of Defense Appropriations Act, 2019.....</i>	<u>67,915</u>
<i>Total, Defense Appropriations for OCO/GWOT.....</i>	68,836
Non-Defense Appropriations designated by the Congress for Program Integrity ⁵	
<i>Amounts provided in Division B of Public Law 115-245, the Departments of Labor, Health and Human Services, and Education, and Related Agencies Appropriations Act, 2019.....</i>	1,897

Notes:

1 Enacted appropriations reflect OMB scoring of discretionary appropriations in the Department of Defense and Labor, Health and Human Services, and Education Appropriations Act, 2019 and Continuing Appropriations Act, 2019 (Public Law 115-245; "Second Minibus").

2 The FY 2019 spending limits for the defense (or "revised security") and non-defense (or "revised nonsecurity") categories are equal to the amounts published in the OMB Sequestration Update Report to the President and Congress for Fiscal Year 2019 (see OMB's website: <https://www.whitehouse.gov/omb/legislative/sequestration-reports-orders/>).

3 Appropriations previously enacted for 2019 reflect OMB scoring of amounts provided in Public Law 115-244, the Energy and Water, Legislative Branch, and Military Construction and Veterans Affairs Appropriations Act, 2019 ("First Minibus"). The seven-day-after report for the First Minibus is on the OMB website: <https://www.whitehouse.gov/omb/legislative/budget-enforcement-act-7-day-reports/>.

Table 3.
Enacted Appropriations as of October 2, 2018 ¹
(in millions of dollars)

	2019 Enacted Budget Authority

4 Section 251(b)(2)(A) of the Balanced Budget and Emergency Deficit Control Act of 1985 (BBEDCA) authorizes an adjustment to the caps for appropriations that are designated by the Congress, and subsequently designated by the President, as emergency requirements or for OCO/GWOT. The Second Minibus included funding for OCO/GWOT activities with the appropriate designations and the President transmitted to the Congress on September 28, 2018 his subsequent designations of all of these amounts. All emergency requirement and OCO/GWOT amounts are summarized here and are not included in the totals displayed above that are counted against the base caps. The adjustments to the discretionary limits to reflect this spending are not included in this report but will be included in OMB's Final Sequestration Report for 2019.

5 Sections 251(b)(2)(B), (C), and (E) of BBEDCA authorize adjustments to the caps for appropriations that are designated by the Congress as being for Social Security Administration Continuing Disability Reviews and Redeterminations, for the Health and Human Services Health Care Fraud and Abuse Control program, and for the Labor Reemployment Services and Eligibility Assessments program. The Second Minibus included funding for these activities with the appropriate designations. These amounts are summarized here and are not included in the totals displayed above that are counted against the base caps. The adjustments to the discretionary limits to reflect this spending are not included in this report but will be included in OMB's Final Sequestration Report for 2019.