

**H.R. 2021, Investing for the People Act of 2019**

As ordered reported by the House Committee on the Budget on April 3, 2019

Millions of Dollars	2019	2019-2024	2019-2029
Direct Spending (Outlays)	0	0	0
Revenues	0	0	0
Deficit Effect	0	0	0
Spending Subject to Appropriation (Outlays) <sup>a</sup>	0	349,146	355,957
Pay-as-you-go procedures apply?	No	<b>Mandate Effects</b>	
Increases on-budget deficits in any of the four consecutive 10-year periods beginning in 2030?	No	Contains intergovernmental mandate?	No
		Contains private-sector mandate?	No
a. The estimated outlays stem from changes to the caps on discretionary funding assuming appropriations consistent with those caps.			

H.R. 2021 would revise the caps on appropriations for fiscal years 2020 and 2021 to allow for higher amounts of funding than is permitted under current-law caps and budget enforcement procedures. The bill also would change the amounts by which caps could be increased by limiting adjustments to the discretionary caps for overseas contingency operations (OCO—for military and diplomatic activities in Afghanistan and elsewhere) and adding new adjustments for certain appropriations for tax enforcement and to pay expenses for the 2020 census.

H.R. 2021 also would revise the Congressional budget process concerning the adoption of a fiscal year 2020 budget resolution. This change would not, by itself, have a direct budgetary effect, but it could influence Congressional decisionmaking about budget-related legislation in 2020 and future years.

Enacting the bill would not affect direct spending or revenues, and it would not change authorizations of appropriations.

## Changes to the Caps on Spending Subject to Appropriation

Most discretionary funding is limited by caps on annual appropriations originally specified in the Budget Control Act of 2011 and modified by subsequent legislation.<sup>1</sup> Under current law, separate caps apply to discretionary defense and nondefense funding through 2021. The revisions proposed under H.R. 2021 would increase the limits in 2020 for each category by \$87.8 billion. The next year, limits would increase by \$90.0 billion for defense funding and by \$91.5 billion for nondefense funding. The bill also would permit limited increases in the caps on funding for the Internal Revenue Service's tax enforcement efforts and for the cost of conducting the 2020 census.

H.R. 2021 also would limit the cap adjustment for OCO funding to \$69.0 billion for defense funding and \$8.0 billion for nondefense funding. Current law does not limit such adjustments.

CBO estimates that the net increase in caps on discretionary funding would amount to \$360.8 billion: \$181.9 billion in 2020 and \$178.9 billion in 2021. Assuming appropriations at those increased amounts, outlays would increase by \$349.1 billion over the 2020-2024 period (see Table 1).

## How the Proposed Caps Compare With Those Under Current Law

The caps established by the Budget Control Act of 2011, including the subsequent reductions that act required, are projected to total \$1,119 billion in 2020 and \$1,145 billion in 2021. The caps can be adjusted upward when appropriations are provided for certain purposes, however. Specifically, unlimited adjustments can be made for budget authority for OCO and emergency requirements. Current law also allows for limited adjustments for funding for disaster relief and for certain program integrity initiatives.<sup>2</sup>

CBO estimates that under current law, caps on discretionary funding for defense programs—including the allowable adjustments for OCO funding—will be \$646.6 billion in 2020 and \$662.1 billion in 2021. Caps on nondefense funding, after accounting for allowable adjustments to the caps, will be \$567.2 billion in 2020 and \$579.0 billion for 2021 (see Table 2).

Although enacting the bill would have no direct budgetary effects, the revised caps would allow appropriators to provide \$360.8 billion more in discretionary funding in 2020 and 2021 than they could under current law. Limits on defense funding would increase by \$86.4 billion in 2020 and by \$87.0 billion in 2021. Limits on nondefense funding would increase by \$95.5 billion in 2020 and by \$91.9 billion in 2021.

The CBO staff contact for this estimate is Avi Lerner. The estimate was reviewed by Theresa Gullo, Assistant Director for Budget Analysis.

- 
1. The Budget Control Act of 2011 established an initial set of caps on annual discretionary funding through 2021 as well as a set of lower caps that were triggered by the failure of the Joint Select Committee on Deficit Reduction to achieve a deficit reduction target.
  2. Certain funding provided in the 21st Century Cures Act is excluded from calculations of appropriations subject to the caps. In addition, beginning in 2020, funding for wildfire suppression will lead to an increase in the caps.

**Table 1.**  
**Changes to Caps on Spending Subject to Appropriation Under H.R. 2021**

By Fiscal Year, Millions of Dollars

	2020	2021	2022	2023	2024	2020-2024
<b>Net Change in Discretionary Limits<sup>a</sup></b>						
Increased Limit	181,894	178,856	n.a.	n.a.	n.a.	360,750
Estimated Outlays	102,315	146,212	61,620	24,373	14,625	349,146

Under current law, there are no caps on overall discretionary funding after 2021.

a. Amounts for 2020 reflect changes relative to the funding limits shown in Office of Management and Budget, "Sequestration Reports & Orders," *OMB Sequestration Preview Report to the President and Congress for Fiscal Year 2020* (March 2019), <https://go.usa.gov/xUwaB>.

**Table 2.**  
**Comparison of Discretionary Funding Caps Under Current Law and as Proposed Under H.R. 21**

By Fiscal Year, Millions of Dollars

Current Law			H.R. 2021			Increase or Decrease (-) in Caps		
	2020	2021		2020	2021		2020	2021
<b>Defense</b>			<b>Defense</b>			<b>Defense</b>		
Current Cap	576,175	590,160	Revised Cap	664,000	680,119	Discretionary Cap	87,825	89,959
Projected OCO adjustment <sup>a</sup>	<u>70,463</u>	<u>71,963</u>	Limitation on OCO adjustments	<u>69,000</u>	<u>69,000</u>	OCO Adjustments	<u>-1,463</u>	<u>-2,963</u>
<b>Subtotal, defense</b>	<b>646,638</b>	<b>662,123</b>	<b>Subtotal, defense</b>	<b>733,000</b>	<b>749,119</b>	<b>Subtotal, defense</b>	<b>86,362</b>	<b>86,996</b>
<b>Nondefense</b>			<b>Nondefense</b>			<b>Nondefense</b>		
Current Cap	543,193	554,559	Revised Cap	631,018	646,056	Discretionary Cap	87,825	91,497
Cap Adjustments:			Cap Adjustments:			Cap Adjustments:		
Projected OCO <sup>a</sup>	8,193	8,387	Limitation on OCO	8,000	8,000	OCO	-193	-387
Disaster relief <sup>f</sup>	12,246	12,502	Disaster relief <sup>f</sup>	12,246	12,502	Disaster relief	0	0
Program integrity <sup>g</sup>	1,822	1,848	Program integrity <sup>g</sup>	1,822	1,848	Program integrity	0	0
Emergencies <sup>h</sup>	1,714	1,749	Emergencies <sup>h</sup>	1,714	1,749	Emergencies	0	0
IRS enforcement	n.a.	n.a.	IRS enforcement	400	750	IRS enforcement	400	750
2020 census	<u>n.a.</u>	<u>n.a.</u>	2020 census	<u>7,500</u>	<u>0</u>	2020 census	<u>7,500</u>	<u>0</u>
<b>Subtotal, nondefense</b>	<b>567,168</b>	<b>579,045</b>	<b>Subtotal, nondefense</b>	<b>662,700</b>	<b>670,905</b>	<b>Subtotal, nondefense</b>	<b>95,532</b>	<b>91,860</b>
<b>Total</b>	<b>1,213,806</b>	<b>1,241,168</b>	<b>Total</b>	<b>1,395,700</b>	<b>1,420,024</b>	<b>Total</b>	<b>181,894</b>	<b>178,856</b>

Under current law, cap adjustments for OCO and emergencies are not limited. Adjustments for disaster relief and program integrity are subject to limitations. In addition, beginning in 2020, nondefense discretionary caps will be adjusted to accommodate appropriations for wildfire suppression.

Amounts in the table do not include funding under the 21st Century Cures Act, which requires the exclusion of discretionary funding for certain activities from calculations of appropriations subject to the caps.

IRS = Internal Revenue Service; OCO = overseas contingency operations.

a. Cap adjustment amounts are estimated on the basis of amounts appropriated for 2019, adjusted for inflation in accordance with Section 257 of the Balanced Budget and Emergency Deficit Control Act of 1985.