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Restricting Use of “CHIMP” Savings Would Backtrack on Bipartisan Budget Deal, Shortchange Non-Defense Programs

By David Reich

Last month, Congress passed and the President signed into law a bipartisan budget agreement that would increase 2018 non-defense discretionary funding by \$63 billion while increasing defense funding by \$80 billion, relative to the sequestration levels for 2018 previously set by the 2011 Budget Control Act (BCA). Now, congressional Republicans are reportedly considering measures that would undo at least \$3 billion of the agreed-upon increase in non-defense funding and apparently would disproportionately affect programs such as job training, aid to education, Head Start, seniors’ nutrition, and disease control and public health.

The reported change would scale back the use of certain savings, known as CHIMPs (CHanges In Mandatory Programs), that are routinely used to offset non-defense appropriations. CHIMPs generate savings in certain mandatory programs by rescinding, delaying the availability of, or otherwise limiting the use of funds provided by authorizing law for these programs.

Reportedly, Republican negotiators are demanding that the main category of CHIMP savings be limited to \$14 billion in the 2018 appropriations bills — \$5.1 billion less than used in 2017. Further, they are apparently calling for the subcommittee on Labor, Health and Human Services (HHS) and Education to absorb most of this reduction, even as the subcommittee may also be receiving a less-than-proportionate share of the funding increase in the bipartisan budget agreement. At the same time, the budget agreement calls for specific increases in several programs within the Labor-HHS-Education bill, including for opioid addiction prevention and treatment, medical research, child care, and higher education. With a relatively low overall funding allocation and up to \$5 billion *less* in available CHIMP savings, the subcommittee may have very little left to provide more adequate levels of funding for other priorities under its jurisdiction.

The level of CHIMP savings has remained roughly constant over the past seven years, providing about \$17 to \$20 billion per year in offsets that support additional program funding on the non-defense side of the budget. Some argue that the budgetary savings produced by some large CHIMPs are overstated, because they rescind mandatory funding that is unlikely to be spent or they delay mandatory spending from one year to the next rather than permanently cancelling it. There is some basis for this point: while all CHIMPs do reduce the amount of budget authority — i.e., of the

funding available in a given year — in a number of cases, the actual *spending* reductions that result over time are somewhat ephemeral.

But regardless, the use of CHIMPs is firmly built into the budget totals, including the original BCA caps themselves, and into the series of two-year agreements that have raised those caps, including last month's bipartisan agreement. Shrinking CHIMPs now would effectively lower the just-negotiated caps, violating the intent of the agreement.

The starting point for the caps set in the BCA was the final 2011 appropriations package enacted four months before the BCA, which contained more than 40 CHIMP provisions producing net savings of \$17.5 billion, according to the Congressional Budget Office (CBO). The BCA was negotiated by many of the same congressional leaders who had negotiated that 2011 appropriations package and were familiar with its contents, including its CHIMPs. Nothing in the BCA suggests any intent to alter rules regarding the use of CHIMPs as offsets.

The budget resolution adopted last year set limits on the largest category of CHIMPs for the fiscal year 2018 appropriations bills of \$17 billion for the Senate and \$19.1 billion for the House. Similarly, the new Bipartisan Budget Act of 2018, which raised the 2018 and 2019 caps, was negotiated in the context of continued use of CHIMPs. Prior to the agreement, the Administration, the House, and the Senate had all put forward 2018 appropriations proposals that had different top lines but similar levels of CHIMPs, with totals around \$17 billion or a little higher for CHIMPs subject to the budget resolution limits. Nothing in the text or history of the bipartisan budget agreement or the legislation implementing it suggests any intent to shrink CHIMPs to \$14 billion in this year's appropriations bills.

Thus, the use of CHIMPs in various appropriations bills is a longstanding practice that is now thoroughly built in to the appropriations totals. Also, counting the savings produced by CHIMPs as part of the budgetary effects of appropriations bills in which they're contained is an application of the basic principle that the budgetary effects of all provisions in a piece of legislation should be taken into account and attributed to that legislation. CBO has taken this approach for as long as it has been producing cost estimates for appropriations bills. When budget "scorekeeping" rules were formalized in 1990, those rules confirmed this longstanding practice by explicitly stating that CHIMPs should be charged or credited to the appropriations bills in which they are contained. The current treatment of CHIMPs continues to adhere to that rule.

It's also worth noting that even with the bipartisan deal, total non-defense discretionary funding in 2018 and 2019 will remain below its 2010 level, adjusted for inflation.¹ If policymakers partially renege on the just-concluded agreement by taking back part of the negotiated funding increase, non-defense funding will fall further below those levels.

¹ David Reich, "Non-Defense Discretionary Funding Increases Under Bipartisan Deal Yet Remains Below Earlier Levels," Center on Budget and Policy Priorities, February 7, 2018, <https://www.cbpp.org/blog/non-defense-discretionary-funding-increases-under-bipartisan-deal-yet-remains-below-earlier>.