



Legislation Enacted in the First Session of the 118th Congress That Affects Mandatory Spending or Revenues

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This report by the Congressional Budget Office summarizes the agency's estimates of the effects on mandatory spending or revenues of authorizing legislation that was enacted during the first session of the 118th Congress (which spanned the period from January 3, 2023, to January 3, 2024).¹ The dollar amounts discussed in the report and shown in its two supplemental tables also reflect the estimated effects on revenues of provisions included in enacted appropriation legislation.²

As estimated by CBO, the effects of those laws on mandatory spending and revenues will reduce the cumulative deficit by about \$10 billion over the 2023–2033 period—the net result of a \$12 billion decrease in outlays and a \$2 billion decrease in revenues (see Table 1).

The Fiscal Responsibility Act of 2023 (FRA, Public Law 118-5) accounts for the largest decrease in deficits, reducing them by \$8.0 billion over the 2023–2033 period.³ Although the FRA set statutory caps on discre-

tionary funding and suspended the debt limit through January 1, 2025, those provisions did not affect mandatory spending.⁴ Other provisions of that law, however, did affect mandatory spending, reducing projected outlays by \$10.3 billion over the 2023–2033 period. Those reductions stem primarily from rescissions of funds that had been provided during the 2020–2022 period as part of the federal government's response to the coronavirus pandemic and the related public health emergency. (Rescissions are provisions of law that cancel budget authority previously provided to federal agencies before that authority is scheduled to expire.) The FRA also rescinded some funds provided to the Internal Revenue Service, thereby decreasing revenues by an estimated \$2.3 billion over the 2023–2033 period.

The law with the next-largest budgetary effects—the National Defense Authorization Act for Fiscal Year 2024 (P.L. 118-31)—will decrease deficits by \$1.5 billion over the 2023–2033 period, CBO estimates.⁵ That overall net reduction in deficits results mostly from anticipated transactions that are attributable to the sale of submarines to the Australian government, which CBO estimates will reduce net mandatory spending by \$2.8 billion over the 2023–2033 period. Other provisions of that law, which prescribes various authorities

1. Mandatory spending includes outlays for most federal benefit programs and for certain other payments to people, businesses, nonprofit institutions, and state and local governments. Such outlays are generally governed by statutory criteria and are not normally constrained by the annual appropriation process.
2. This report and its supplemental tables do not include the estimated effects of appropriation legislation on budget authority or outlays, because most of those effects are classified in the budget as discretionary spending. Although annual appropriation legislation typically provides a large amount of mandatory spending authority (estimated at more than \$1 trillion in 2023), most of that spending is already included in CBO's baseline projections as required by section 257 of the Balanced Budget and Emergency Deficit Control Act of 1985. Accordingly, most mandatory spending ascribed to appropriation legislation has no budgetary effects in relation to CBO's baseline projections.
3. Congressional Budget Office, estimate of the budgetary effects of H.R. 3746, the Fiscal Responsibility Act of 2023, as

posted by the House Committee on Rules on May 28, 2023 (May 30, 2023), www.cbo.gov/publication/59225.

4. Statutory caps are limits to discretionary funding provided in appropriation legislation. CBO's cost estimate showed its projections of the reduction in budget deficits that would result from such caps.
5. Congressional Budget Office, estimated changes in direct spending of the conference report for H.R. 2670, the National Defense Authorization Act for Fiscal Year 2024, as posted by the Office of the Clerk of the House of Representatives on December 6, 2023 (December 13, 2023), www.cbo.gov/publication/59824.

Table 1.

Total Estimated Effects on Mandatory Spending and Revenues of Laws Enacted in the First Session of the 118th Congress

Billions of dollars

	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	Total, 2023– 2033
Total outlays	-4	-3	-3	1	1	-1	*	1	*	-2	-1	-12
Total revenues	*	*	*	*	*	*	*	*	*	*	*	-2
Net increase or decrease (-) in the deficit	-4	-3	-2	2	1	-1	*	1	1	-2	-1	-10

Data source: Congressional Budget Office. See www.cbo.gov/publication/59694.

Estimates are for legislation enacted from January 3, 2023, to January 3, 2024.

Numbers may not add up to totals because of rounding.

For revenues, negative numbers indicate a decrease in receipts and thus an increase in the deficit.

Estimates are relative to baseline projections used for budget enforcement purposes by the House and Senate Committees on the Budget.

Estimates were prepared near the time of enactment of the relevant legislation and do not include subsequent changes that were made as part of CBO's updates to its baseline projections.

* = between -\$500 million and \$500 million.

and policies that govern national defense and foreign affairs, will increase mandatory spending by an estimated \$1.3 billion.

Other laws enacted during the first session of the 118th Congress will have much smaller budgetary effects.

CBO prepared each estimate when the legislation was last considered by the Congress, measuring budgetary effects against the baseline projections used for budget enforcement by the House and Senate Committees on the Budget.⁶ Those estimates do not include subsequent changes that were made as part of CBO's updates to its baseline projections. For consistency, each estimate covers the same period that CBO used when preparing the corresponding cost estimate during the session.

6. For more information about the budgetary effects identified in CBO's cost estimates, see Congressional Budget Office, *CBO Describes Its Cost-Estimating Process* (April 2023), www.cbo.gov/publication/59003.

Two supplemental tables that provide details about the estimated budgetary effects of each law are posted along with this report (see www.cbo.gov/publication/59694).

- **Supplemental Table 1** lists the eight laws enacted during the first session of the 118th Congress that have significant budgetary effects, showing the date of enactment and their estimated effects over the 2023–2033 period. Each entry includes the number of the underlying bill and, when possible, a link to the relevant cost estimate on CBO's website. The amounts in a referenced cost estimate may differ from the amounts shown in the table because the enacted version of the bill may differ from the version CBO initially analyzed.
- **Supplemental Table 2** lists the four laws enacted during the first session of the 118th Congress that CBO estimated would have insignificant budgetary effects—specifically, laws that would individually increase or decrease annual and cumulative deficits by less than \$500,000 over the 2023–2033 period. Those laws are also listed by date of enactment. Laws that were estimated to have no budgetary effects are not listed.



This report was prepared for the House and Senate Committees on the Budget. In keeping with the Congressional Budget Office's mandate to provide objective, impartial analysis, the report makes no recommendations.

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The report and its supplemental tables are available at www.cbo.gov/publication/59694. For previous editions, see <https://tinyurl.com/2smywemv>.

CBO seeks feedback to make its work as useful as possible. Please send comments to communications@cbo.gov.



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