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# **OMB Final Sequestration Report to the President and Congress for Fiscal Year 2014**

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February 7, 2014



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## GENERAL NOTES

1. All years referred to are fiscal years unless otherwise noted.
2. Details in the tables and text may not add to totals due to rounding.





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

THE DIRECTOR

February 7, 2014

The President  
The White House  
Washington, DC 20500

Dear Mr. President:

Enclosed please find the *OMB Final Sequestration Report to the President and Congress for Fiscal Year 2014*, which has been prepared pursuant to section 254 of the Balanced Budget and Emergency Deficit Control Act of 1985 (BBEDCA), as amended.

As required by BBEDCA, this report provides the Office of Management and Budget (OMB)'s current estimates of the discretionary spending limits for each category in BBEDCA, OMB's scoring of the enacted 2014 discretionary appropriations bills compared to those limits, and comparisons of OMB's estimates with the estimates provided by the Congressional Budget Office in its *Final Sequestration Report for Fiscal Year 2014*.

Based on the estimates in this report, enacted appropriations are within the discretionary spending limits for 2014, and a sequestration of discretionary budget authority pursuant to section 251 of BBEDCA is not required.

Sincerely,

A handwritten signature in black ink, appearing to read "SMB", written over a horizontal line.

Sylvia M. Burwell  
Director

Enclosure

Identical Letter Sent to The Honorable Joseph R. Biden, Jr.  
and The Honorable John A. Boehner



## I. INTRODUCTION

The Budget Control Act of 2011 (BCA), *P.L. 112-25*, amended the Balanced Budget and Emergency Deficit Control Act of 1985 (BBEDCA) by reinstating the discretionary spending limits on budget authority that had expired after 2002. These limits were further revised by the American Taxpayer Relief Act of 2012 (ATRA), *P.L. 112-240*, § 901(d) and then by the Bipartisan Budget Act of 2013 (BBA), *P.L. 113-67*, § 101(a).

Section 254 of BBEDCA requires the Office of Management and Budget (OMB) to issue a final sequestration report 15 days after the Congress ends a session to determine whether a sequestration of discretionary budget authority is required, based on OMB's scoring of enacted discretionary appropriations against the applicable discretionary spending limits. Such a sequestration is distinct from the Joint Committee sequestration required by section 251A of BBEDCA. OMB issued a letter on January 17 announcing that its final report would be delayed due to the following four factors: (1) the recent enactment of new discretionary spending limits for 2014 in BBA; (2) the imminent enactment of final 2014 appropriations in the Consolidated Appropriations Act, 2014 (*P.L. 113-76*); (3) insufficient time for OMB to evaluate *P.L. 113-76* under the new limits by the statutory deadline; and (4) OMB's determination that the annualized amounts provided by the FY 2014 Continuing Resolution (*P.L. 113-46*) and its extension through January 18, 2014

would not exceed the new discretionary spending limits. The President signed the *Consolidated Appropriations Act, 2014* on January 17, 2014, and OMB completed its scoring estimates of that Act and released its *Seven-Day-After Report*<sup>1</sup> detailing those estimates on January 29, 2014, in accordance with the requirements of section 251(a)(7) of BBEDCA.

This final sequestration report provides OMB's current estimates of the discretionary spending limits for each category in BBEDCA, a summary of OMB's scoring of the enacted 2014 discretionary appropriations bills compared to those limits, and comparisons of OMB's estimated limits with those provided by the Congressional Budget Office in its Final Sequestration Report for Fiscal Year 2014. As required, OMB's scoring estimates rely on the same economic and technical assumptions used in the President's 2014 Budget, which the President transmitted to the Congress on April 10, 2013. This report covers appropriations legislation enacted through January 29, 2014, and indicates that no sequestration of discretionary budget authority is required.

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<sup>1</sup> OMB's "Seven-Day-After Reports" can be found on OMB's website: [http://www.whitehouse.gov/omb/legislative\\_reports/BEA\\_reports](http://www.whitehouse.gov/omb/legislative_reports/BEA_reports)





## II. DISCRETIONARY SEQUESTRATION UPDATE REPORT

BBEDCA requires OMB to issue reports containing OMB's scoring of individual appropriations bills within seven days of their enactment and, three times a year, on the overall status of discretionary legislation. Any discretionary appropriations that OMB estimates to exceed the discretionary spending limits trigger an across-the-board reduction (i.e., sequestration) to eliminate the excess funding. This report meets the requirement for OMB to issue a final sequestration report for 2014, including a final estimate of the adjustment to the discretionary spending limits as a result of disaster funding. As BBEDCA requires, the estimates rely on the same economic and technical assumptions used in the President's 2014 Budget, which the President transmitted to the Congress on April 10, 2013.

Discretionary programs are funded annually through the appropriations process. BBEDCA, as amended by BCA, ATRA, and BBA, limits—or caps—budget authority available for discretionary programs each year through 2021 but it does not require that the Congress appropriate the full amount available under the discretionary limits. For 2012 and 2013, BBEDCA originally specified separate “security” and “nonsecurity” categories for discretionary programs. The security category included discretionary appropriations for budget accounts in the Department of Defense, the Department of Homeland Security, the Department of Veterans Affairs, the National Nuclear Security Administration, the Intelligence Community Management Account, and all discretionary budget accounts in budget function 150 (international affairs). The non-security category included all budget accounts that did not fall into the security category. After 2013, BBEDCA specified a single category for all discretionary spending referred to as the “discretionary” category.

However, section 302 of BCA provided for revised definitions of the caps if legislation proposed by the Joint Select Committee on Deficit Reduction to reduce the deficit by more than \$1.2 trillion was not enacted by January 15, 2012. Because no such legislation was proposed or enacted by this date, the caps were revised in OMB's *Final Sequestration Report for 2012*, issued on January 18, 2012. The revised security (“defense”) category included only the discretionary programs in the national defense budget function (050), which mainly consists of the Department of Defense and significant portions of agency budgets for the Department of Energy (including the National Nuclear Security Administration) and the Federal Bureau of Investigation. The revised nonsecurity (“non-defense”) category contained all discretionary programs not in the defense category—essentially all non-defense (or non-050) budget functions. The caps were adjusted to reflect the revised categories, but, the total level for discretionary spending remained unchanged. The caps were further amended by section 901(d) of ATRA.

In OMB's Sequestration Preview Report for 2014<sup>2</sup> the 2014 caps were reduced pursuant to section 251A of BBEDCA as part of the Joint Committee reductions. The defense cap was reduced by \$53.9 billion and the non-defense cap was reduced by \$36.6 billion. BBA, however, restored \$22.4 billion each (\$44.8 billion in total) to the defense and non-defense categories for 2014. BBA also cancelled the Joint Committee reductions to the defense and non-defense caps that would have taken place for 2015 and instead reduced the defense cap by \$44.7 billion and the non-defense cap by \$27.6 billion from the original BCA levels. In the absence of further congressional action, section 251A of BBEDCA requires reductions to the revised discretionary caps for 2016 through 2021 similar to those that occurred

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<sup>2</sup> See “OMB Sequestration Preview Report to the President and Congress for Fiscal Year 2014 and OMB Report to the Congress on the Joint Committee Reductions for Fiscal Year 2014 (Corrected Version)” on OMB's website for more information: [http://www.whitehouse.gov/omb/legislative\\_reports/sequestration](http://www.whitehouse.gov/omb/legislative_reports/sequestration).

to the 2014 caps in *OMB's Sequestration Preview Report for 2014*. Given that such changes to the caps for 2016 through 2021 are not required at this time, these cap reductions are not reflected in the revised limits used in this report.

Table 1 summarizes the original caps enacted in BCA and all changes to date that have been made to those caps. Table 2 shows the current law caps, including the changes necessitated by section 901(d) of ATRA and section 101(a) of BBA. Table 2 also shows further adjustments to the caps, which are discussed in the next section.

**Table 1. OVERVIEW OF CHANGES TO DISCRETIONARY SPENDING LIMITS**  
(Discretionary budget authority in billions of dollars)

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<b>Original limits set in Title I of the Budget Control Act of 2011:</b>										
Security Category.....	684.0	686.0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Nonsecurity Category.....	359.0	361.0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Discretionary Category.....	N/A	N/A	1,066.0	1,086.0	1,107.0	1,131.0	1,156.0	1,182.0	1,208.0	1,234.0
Redefinition of limits pursuant to section 251A of BBEDCA:										
Security Category.....		-686.0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Nonsecurity Category.....		-361.0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Discretionary Category.....	N/A	N/A	-1,066.0	-1,086.0	-1,107.0	-1,131.0	-1,156.0	-1,182.0	-1,208.0	-1,234.0
Defense Category.....	N/A	+546.0	+556.0	+566.0	+577.0	+590.0	+603.0	+616.0	+630.0	+644.0
Non-Defense Category.....	N/A	+501.0	+510.0	+520.0	+530.0	+541.0	+553.0	+566.0	+578.0	+590.0
Adjustments pursuant to section 901(d) of ATRA:										
Security Category.....		+684.0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Nonsecurity Category.....		+359.0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Defense Category.....	N/A	-546.0	-4.0							
Non-Defense Category.....	N/A	-501.0	-4.0							
Joint Select Committee on Deficit Reduction Enforcement:										
Defense Category.....	N/A	N/A	-53.9							
Non-Defense Category.....	N/A	N/A	-36.6							
Adjustments pursuant to section 101(a) of BBA:										
Defense Category.....	N/A	N/A	+22.4	-44.7						
Non-Defense Category.....	N/A	N/A	+22.4	-27.6						
Enacted adjustments pursuant to section 251(b)(2) of BBEDCA:										
OCO/GWOT:										
Security Category.....	+126.5	+98.7	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Defense Category.....	N/A	N/A	+85.4							
Non-Defense Category.....	N/A	N/A	+6.5							
Emergency Requirements:										
Security Category.....		+7.0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Nonsecurity Category.....		+34.6	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Program Integrity:										
Nonsecurity Category.....	+0.5	+0.5	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Non-Defense Category.....	N/A	N/A	+0.9							
Disaster Relief :										
Security Category.....	+6.4	+11.8	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Nonsecurity Category.....	+4.1		N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Non-Defense Category.....	N/A	N/A	+5.6							
Adjustments pursuant to section 7 of the Consolidated Appropriations Act, 2014:										
Defense Category.....	N/A	N/A	+0.2							
Non-Defense Category.....	N/A	N/A								
<b>Revised Limits Included in the OMB Final Sequestration Report:</b>										
Security Category.....	816.9	801.5	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Nonsecurity Category.....	363.5	394.1	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Discretionary Category.....	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Defense Category.....	N/A	N/A	606.1	521.3	577.0	590.0	603.0	616.0	630.0	644.0
Non-Defense Category.....	N/A	N/A	504.8	492.4	530.0	541.0	553.0	566.0	578.0	590.0

N/A = Not Applicable

**Table 2. DISCRETIONARY SPENDING LIMITS**  
(Discretionary budget authority in millions of dollars)

	2013	2014	2015	2016	2017	2018	2019	2020	2021
<b>SECURITY CATEGORY</b>									
Preview Report Spending Limit.....	801,503	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Adjustments in the Update Report: No Adjustments									
Update Report Spending Limit.....	801,503	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Adjustments for the Final Sequestration Report: No Adjustments									
Final Sequestration Report Spending Limit.....	801,503	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
<b>NONSECURITY CATEGORY</b>									
Preview Report Spending Limit.....	394,110	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Adjustments in the Update Report: No Adjustments									
Update Report Spending Limit.....	394,110	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Adjustments for the Final Sequestration Report: No Adjustments									
Final Sequestration Report Spending Limit.....	394,110	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
<b>DEFENSE (OR "REVISED SECURITY") CATEGORY</b>									
Preview Report Spending Limit.....	N/A	498,082	566,000	577,000	590,000	603,000	616,000	630,000	644,000
Adjustments in the Update Report: No Adjustments									
Update Report Spending Limit.....	N/A	498,082	566,000	577,000	590,000	603,000	616,000	630,000	644,000
Defense Category changes enacted pursuant to section 101(a) of BBA.....	N/A	+22,382	-44,728	.....	.....	.....	.....	.....	.....
Adjustments for the Final Sequestration Report: Overseas Contingency Operations/Global War on Terrorism.....	N/A	+85,419	.....	.....	.....	.....	.....	.....	.....
Technical allowance for estimating differences with CBO.....	N/A	+182	.....	.....	.....	.....	.....	.....	.....
Final Sequestration Report Spending Limit.....	N/A	606,065	521,272	577,000	590,000	603,000	616,000	630,000	644,000
<b>NON-DEFENSE (OR "REVISED NONSECURITY") CATEGORY</b>									
Preview Report Spending Limit.....	N/A	469,391	520,000	530,000	541,000	553,000	566,000	578,000	590,000
Adjustments in the Update Report: No Adjustments									
Update Report Spending Limit.....	N/A	469,391	520,000	530,000	541,000	553,000	566,000	578,000	590,000
Non-Defense Category changes enacted pursuant to section 101(a) of BBA.....	N/A	+22,382	-27,644	.....	.....	.....	.....	.....	.....
Adjustments for the Final Sequestration Report: Overseas Contingency Operations/Global War on Terrorism.....	N/A	+6,518	.....	.....	.....	.....	.....	.....	.....
CDRs and Redeterminations.....	N/A	+924	.....	.....	.....	.....	.....	.....	.....
Disaster Relief.....	N/A	+5,626	.....	.....	.....	.....	.....	.....	.....
Subtotal, Non-Defense Category Adjustments....	N/A	+13,068	.....	.....	.....	.....	.....	.....	.....
Final Sequestration Report Spending Limit.....	N/A	504,841	492,356	530,000	541,000	553,000	566,000	578,000	590,000
<b>TOTAL DISCRETIONARY SPENDING</b>									
Preview Report, Total Discretionary Spending.....	1,195,613	967,473	1,086,000	1,107,000	1,131,000	1,156,000	1,182,000	1,208,000	1,234,000
Update Report, Total Discretionary Spending.....	1,195,613	967,473	1,086,000	1,107,000	1,131,000	1,156,000	1,182,000	1,208,000	1,234,000
Final Sequestration Report, Total Discretionary Spending.....	1,195,613	1,110,906	1,013,628	1,107,000	1,131,000	1,156,000	1,182,000	1,208,000	1,234,000

N/A = Not Applicable

## Adjustments to discretionary limits

Table 2 shows how adjustments pursuant to section 251(b) of BBEDCA affect the discretionary limits for 2014. Section 251(b)(1) allows adjustments for concepts and definitions in OMB's Sequestration Preview Report, which is transmitted with the President's Budget, and section 251(b)(2) authorizes certain adjustments after the enactment of appropriations. In addition, section 7 of the Consolidated Appropriations Act, 2014 (P.L. 113–76) requires an adjustment for OMB estimating differences with the Congressional Budget Office (CBO) for 2014 if OMB estimates that new budget authority exceeds the discretionary spending limit for any category set forth in section 251(c) of BBEDCA. With final appropriations for 2014 enacted, the following adjustments are now made to the 2014 defense and non-defense caps in Table 2:

*Emergency Appropriations and Overseas Contingency Operations / Global War on Terrorism (OCO/GWOT).*—These adjustments are authorized in section 251(b)(2)(A) of BBEDCA and include funding for amounts that Congress designates in law as being either an emergency requirement or for OCO/GWOT activities on an account-by-account basis and that the President subsequently so designates. The Consolidated Appropriations Act, 2014 (P.L. 113–76) provided a total of \$91,937 million (including rescissions) for OCO/GWOT purposes for 2014. The component amounts were appropriated in the 2014 Department of Defense Appropriations Act; the 2014 Homeland Security Appropriations Act; and the 2014 Department of State, Foreign Operations and Related Programs Appropriations Act (Divisions C, F, and K, of P.L. 113–76, respectively). The adjustment for these amounts increases the defense category by \$85,419 million and the non-defense category by \$6,518 million. The Congress in P.L. 113–76 designated these amounts for OCO/GWOT activities, and the President transmitted to the Congress his designation of these amounts on January 17, 2014. Presidential designations of emergency requirements and OCO/GWOT amounts can be found

on OMB's website: [http://www.whitehouse.gov/omb/budget\\_amendments](http://www.whitehouse.gov/omb/budget_amendments).

*Continuing Disability Reviews (CDRs) and Redeterminations.*—Section 251(b)(2)(B) of BBEDCA authorizes adjustment of the caps by the amounts appropriated for CDRs and redeterminations. CDRs are periodic reevaluations conducted to determine if recipients of Social Security disability insurance benefits and Supplemental Security Income (SSI) for persons with disabilities remain eligible based on their disability and related factors. Redeterminations are periodic reviews of non-medical factors of eligibility, such as income and resources, for the means-tested SSI program, and generally result in a revision of the individual's benefit level. The maximum cap adjustment in each year is limited to the levels of budget authority specified in BBEDCA, provided that a base level of \$273 million is provided for these purposes in the underlying appropriations bill. 2014 appropriations for the Departments of Labor, Health and Human Services (HHS), Education, and Related Agencies in the Consolidated Appropriations Act (Division H of P.L. 113–76) provided a base level of \$273 million and \$924 million as a cap adjustment for these purposes—the maximum allowable adjustment specified for 2014 in BBEDCA. This adjustment is allocated entirely to the non-defense category.

*Health Care Fraud and Abuse Control (HCFAC).*—Section 251(b)(2)(C) of BBEDCA authorizes adjustments to the caps by amounts appropriated for HCFAC activities, which include efforts to reduce the Medicare improper payment rate and strengthen the Health Care Fraud Prevention & Enforcement Action Team (HEAT) initiative. The maximum HCFAC cap adjustment in each year is limited to the levels of budget authority specified in BBEDCA, provided that a base level of \$311 million for these purposes is provided in the underlying appropriations bill. However, 2014 appropriations for the Departments of Labor, Health and Human Services (HHS), Education, and Related Agencies in the Consolidated Appropriations

Act (Division H of P.L. 113–76) provided a base level of only \$294 million and no funding for the cap adjustment, despite the fact that BBEDCA provided for a maximum allowable adjustment of \$329 million. The 2014 enacted level for HCFAC activities is nearly the same as the 2013 enacted level including the effects of the 2013 Joint Committee sequestration pursuant to section 251A of BBEDCA. Because the base was not fully funded and no additional funding was provided pursuant to section 251(b)(2)(C), no cap adjustment for HCFAC funding is reflected. By not providing the full base funding and cap adjustment authorized by BBEDCA for these activities, the Congress is forgoing the opportunity to achieve deficit savings of approximately \$450 million.

*Adjustments for Disaster Funding.*—Section 251(b)(2)(D) of BBEDCA authorizes an adjustment to the caps for appropriations that are designated by the Congress as being for disaster relief. BBEDCA sets a limit for the adjustment equal to the total of the average funding provided for disaster relief over the previous 10 years (excluding the highest and lowest years) plus any portion of the allowable adjustment (funding ceiling) for the previous year that was not appropriated. “Disaster relief” is defined as activities carried out pursuant to a determination under section 102(2) of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (Stafford Act) (42 U.S.C. 5122(2)).

Section 103(2) of BCA requires OMB to include in its August update report a preview estimate of the adjustment for disaster funding for the upcoming fiscal year. As required by law, OMB included in its Sequestration Update Report for 2014, released on August 20, 2013, a preview estimate of the 2014 adjustment for disaster relief. The ceiling for the disaster relief adjustment in 2014 was calculated to be \$12,143 million. The Congress has provided \$5,626 million in appropriations in 2014 that are designated for disaster relief in the Federal Emergency Management Agency’s Disaster Relief Fund (DRF) in the 2014 Consolidated Appropriations Act (Division F of P.L. 113–76). Accordingly, Table 2 allocates this

adjustment entirely to the non-defense category. The amounts enacted as appropriations for disaster relief in 2014 are \$6,517 million below the preview adjustment estimate of \$12,143 million. If no further appropriations are enacted in 2014 that are designated for disaster relief, OMB will add the \$6,517 million underage to OMB’s preview estimate of the 2015 adjustment in its August 2014 Sequestration Update Report for Fiscal Year 2015.

*Technical Allowance for Estimating Differences.*—This allowance, specified in section 7 of the Consolidated Appropriations Act, 2014 (P.L. 113–76), requires OMB to adjust the spending limit for any category in 2014 when new budget authority provided in an appropriations Act exceeds such discretionary spending limit due to technical estimating differences with CBO. The adjustment equals the amount of the excess but shall not exceed 0.2 percent of the sum of the adjusted discretionary spending limits for all categories for that fiscal year. As detailed in the 2014 Seven-Day-After Report, OMB has an estimating difference of \$182 million with CBO for appropriations provided under the defense category for 2014, which causes OMB estimates to exceed the defense cap. With the adjustments included above, OMB estimates that the total defense and non-defense caps for 2014 to be \$1,110.724 billion, which permits a maximum technical adjustment for 2014 for the defense category of \$2.221 billion. Since the \$182 million is within the maximum allowable technical adjustment for 2014, the defense cap will be adjusted upward by \$182 million.

### **Summary of current year (FY 2013) discretionary appropriations**

Section 254(f)(2) of BBEDCA requires the final sequestration report to summarize the status of enacted “current year” discretionary appropriations, relative to the discretionary caps. Table 3 summarizes the status of enacted 2013 discretionary appropriations, relative to the discretionary caps for 2013. The caps include all adjustments made in the 2013 Final Sequestration Report. No further supplemental appropriations with

**Table 3. STATUS OF 2013 DISCRETIONARY APPROPRIATIONS**  
(in millions of dollars)

	BA	Outlays
<b>Security Category</b>		
Adjusted discretionary spending limits.....	801,503	N/A
Total enacted appropriations.....	801,500	856,238
Spending over (+)/under (-) limits.....	-3	N/A
<b>Nonsecurity Category</b>		
Adjusted discretionary spending limits.....	394,110	N/A
Total enacted appropriations.....	394,109	465,544
Spending over (+)/under (-) limits.....	-1	N/A
<b>Total Discretionary Spending—All Categories</b>		
Adjusted discretionary spending limits.....	1,195,613	N/A
Total enacted appropriations.....	1,195,609	1,321,782
Spending over (+)/under (-) limits.....	-4	N/A

an impact on budget authority were enacted in 2013, so the scoring for enacted budget authority for both categories for 2013 remains within the specified cap levels.

**Summary of budget year (FY 2014) discretionary appropriations**

Section 254(f)(2) of BBEDCA requires the final sequestration report to summarize the status of enacted “budget year” discretionary appropriations, relative to the discretionary caps. Table 4 summarizes OMB scoring of the fiscal year 2014 appropriations bills as measured against the 2014 spending limits. OMB estimates that discretionary appropriations are at the defense cap while non-defense appropriations are below the budget authority limits set in BBEDCA. As a result, OMB estimates that sequestration will

not be required for either of the discretionary categories.

**Comparison of OMB and CBO discretionary limits**

Section 254(f)(4) of BBEDCA requires this report to include an explanation of the differences between OMB and CBO estimates for the discretionary spending limits. Table 5 compares OMB and CBO limits for fiscal years 2014 through 2021. For 2014, both OMB and CBO include the defense and non-defense limits enacted in BBA and make adjustments to the caps pursuant to section 251(b)(2) of BBEDCA. However, CBO’s estimate of the defense cap is \$181 million lower than OMB’s estimate. Of this amount, \$182 million is due to OMB’s adjustment for technical estimating differences, which is required by section 7 of the Consolidated Appropriations

**Table 4. SUMMARY OF 2014 APPROPRIATIONS ACTION<sup>1</sup>**

(Discretionary budget authority and outlays in millions of dollars)

	BA	Outlays
<b><u>DEFENSE CATEGORY</u></b>		
Defense Appropriations:		
Commerce, Justice, Science, and Related Agencies.....	5,000	5,272
Defense.....	572,016	555,455
Energy and Water Development.....	17,200	18,585
Financial Services and General Government.....	26	25
Homeland Security.....	1,828	2,044
Military Construction and Veterans Affairs.....	9,809	13,108
Transportation and Housing and Urban Development.....	186	238
Second-year outlays from 2013 Sequestration Order.....	.....	-10,848
Total, Defense Appropriations.....	606,065	583,879
Final Sequestration Report Defense Category Limit.....	606,065	N/A
<b>CONGRESSIONAL ACTION OVER(+)/UNDER(-) LIMIT.....</b>	.....	N/A
<b><u>NON-DEFENSE CATEGORY</u></b>		
Non-Defense Appropriations:		
Agriculture and Rural Development.....	20,762	23,231
Commerce, Justice, Science, and Related Agencies.....	46,693	52,470
Defense.....	15	43
Energy and Water Development.....	16,796	24,397
Financial Services and General Government.....	21,827	22,930
Homeland Security.....	43,252	50,287
Interior and Environment.....	30,050	31,731
Labor, HHS, and Education.....	157,722	171,351
Legislative Branch.....	4,255	4,374
Military Construction and Veterans Affairs.....	63,489	62,966
State and Foreign Operations.....	49,129	53,072
Transportation and Housing and Urban Development.....	48,843	121,633
Reducing Flight Delays Act of 2013.....	.....	-121
Second-year outlays from 2013 Sequestration Order.....	.....	-6,454
Total, Non-Defense Appropriations.....	502,833	611,910
Final Sequestration Report Non-Defense Category Limit.....	504,841	N/A
<b>CONGRESSIONAL ACTION OVER(+)/UNDER(-) LIMIT.....</b>	-2,008	N/A
<b><u>TOTAL DISCRETIONARY</u></b>		
Total, Discretionary.....	1,108,898	1,195,789
Final Sequestration Report Total Category Limits.....	1,110,906	N/A
<b>CONGRESSIONAL ACTION OVER(+)/UNDER(-) TOTAL OF LIMITS.....</b>	-2,008	N/A

<sup>1</sup> OMB scoring includes funds provided in each bill that have been designated as being for Overseas Contingency Operations/Global War on Terrorism, Emergency Requirements, Disaster Relief, or Program Integrity.

Act, 2014 (P.L. 113–76), and another \$1 million is due to a rounding difference in the OCO/GWOT adjustment under section 251(b)(2)(A) of BBEDCA. For the 2014 non-defense cap, OMB and CBO have a \$2 million difference, which is also attributable to a rounding difference in the OCO/GWOT adjustment under section 251(b)

(2)(A) of BBEDCA. There are no differences between OMB and CBO estimates for the 2015 caps, which are taken directly from BBA. For 2016 through 2021, CBO begins with the same levels as OMB for the defense and non-defense caps. However, CBO includes approximate adjustments to the 2016–2021 caps to account for

the automatic enforcement procedures in section 251A of BBEDCA. OMB does not include these reductions to the revised limits because they are not required in this report.

Although OMB and CBO have very similar estimates of the 2014 caps, differences do exist in the amount of enacted 2014 discretionary

budget authority that is scored against the caps. Detailed explanations of these differences are available in the separate seven-day-after reports that were issued subsequent to enactment of each discretionary appropriations bill (see these “Seven-Day-After Reports” on OMB’s website: [http://www.whitehouse.gov/omb/legislative\\_reports/BEA\\_reports](http://www.whitehouse.gov/omb/legislative_reports/BEA_reports)).

**Table 5. COMPARISON OF OMB AND CBO DISCRETIONARY SPENDING LIMITS**  
(Discretionary budget authority in millions of dollars)

	2014	2015	2016	2017	2018	2019	2020	2021
<b><u>DEFENSE CATEGORY</u></b>								
CBO Final Report Limit.....	605,882	521,272	523,063	536,055	549,061	562,069	576,076	590,085
OMB Final Report Limit.....	606,065	521,272	577,000	590,000	603,000	616,000	630,000	644,000
Difference +/-.....	+183	.....	+53,937	+53,945	+53,939	+53,931	+53,924	+53,915
<b><u>NON-DEFENSE CATEGORY</u></b>								
CBO Final Report Limit.....	504,843	492,356	492,920	504,125	516,129	530,043	543,356	555,916
OMB Final Report Limit.....	504,841	492,356	530,000	541,000	553,000	566,000	578,000	590,000
Difference +/-.....	-2	.....	+37,080	+36,875	+36,871	+35,957	+34,644	+34,084
<b><u>TOTAL DISCRETIONARY SPENDING LIMITS</u></b>								
CBO Final Report,								
Total Discretionary.....	1,110,725	1,013,628	1,015,983	1,040,180	1,065,190	1,092,112	1,119,432	1,146,001
OMB Final Report,								
Total Discretionary.....	1,110,906	1,013,628	1,107,000	1,131,000	1,156,000	1,182,000	1,208,000	1,234,000
Difference +/-.....	+181	.....	+91,017	+90,820	+90,810	+89,888	+88,568	+87,999

N/A = Not Applicable