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# **OMB Final Sequestration Report to the President and Congress for Fiscal Year 2016**

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January 4, 2016



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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

January 4, 2016

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 2016*, which has been prepared pursuant to section 254 of the Balanced Budget and Emergency Deficit Control Act of 1985 (BBEDCA). As required by BBEDCA, this report provides the Office of Management and Budget's (OMB) current estimates of the discretionary spending limits for each category in BBEDCA, OMB's scoring of the enacted 2016 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 2016*.

Based on the estimates in this report, enacted appropriations are within the discretionary spending limits for 2016, and a sequestration of discretionary budget authority pursuant to section 251 of BBEDCA is not required.

Sincerely,

A handwritten signature in blue ink, appearing to read "Shaun Donovan".

Shaun Donovan  
Director

Enclosure

Identical Letter Sent to The Honorable Joseph R. Biden, Jr.  
and The Honorable Paul D. Ryan



## I. INTRODUCTION

The Budget Control Act of 2011 (BCA) amended the Balanced Budget and Emergency Deficit Control Act of 1985 (BBEDCA) by reinstating the spending limits on discretionary budget authority for 2012 through 2021. The 2013 and 2014 limits were revised by the American Taxpayer Relief Act of 2012 (ATRA) and the 2014 and 2015 limits were further revised by the Bipartisan Budget Act of 2013 (2013 BBA). The 2016 and 2017 limits were revised by section 101(a) of Public Law 114-74, the Bipartisan Budget Act of 2015 (2015 BBA).

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. The President signed Public Law 114-113, the Consolidated Appropriations Act, 2016 (CAA), on December 18, 2015, and OMB completed its scoring

estimates of that Act and released its Seven-Day-After Report<sup>1</sup> detailing those estimates on December 30, 2015, 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 2016 discretionary appropriations 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 2016*. As required, OMB's scoring estimates rely on the same economic and technical assumptions used in the President's 2016 Budget, which the President transmitted to the Congress on February 2, 2015. This report covers appropriations legislation enacted through December 30, 2015, 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 FINAL SEQUESTRATION REPORT

BBEDCA requires OMB to issue reports containing OMB's scoring of individual appropriations bills within seven business days of their enactment and, three times a year, on the overall status of discretionary legislation against the current law discretionary spending limits. Any enacted 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 2016, 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 2016 Budget, which the President transmitted to the Congress on February 2, 2015.

Discretionary programs are funded annually through the appropriations process. BBEDCA sets limits (or "caps") on the amount of new 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<sup>2</sup> for discretionary programs and then a single "discretionary" category for each year after 2013. These caps were subsequently revised pursuant to section 302 of the BCA as a result of the Joint Select Committee on Deficit Reduction's failure to propose, and the Congress' failure to enact, legislation to reduce the deficit by more than \$1.2 trillion by January 15, 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. Although

the ATRA reinstated the security and nonsecurity categories for 2013, the defense and non-defense categories were left in place for 2014 through 2021 and were reflected in the 2013 BBA.

In OMB's 2016 preview report<sup>3</sup>, the 2016 caps were reduced pursuant to section 251A of BBEDCA to incorporate the portion of Joint Committee reductions allocated to discretionary spending. The defense cap was reduced by \$53.9 billion and the non-defense cap was reduced by \$36.5 billion. The 2015 BBA restored \$25.0 billion each (\$50.0 billion in total) to the 2016 defense and non-defense categories and replaced the reductions for 2017 that would have taken place with smaller reductions of \$38.9 billion to the defense cap and \$22.5 billion to the non-defense cap. No further changes are made to the base 2017 caps in this report and, in the absence of further congressional action, section 251A of BBEDCA requires reductions to the current discretionary caps for 2018 through 2021. The precise amount of those reductions is not known at this time and will depend on the relative size of sequesterable mandatory outlays in the baseline in future Budgets. Since these reductions are both unknown and not required at this time, they are not reflected in the caps shown in this report.

OMB is required by law to report on the current discretionary caps in this report. Table 1 summarizes the original caps enacted in the BCA and all changes to date that have been made to those caps. Table 2 shows the current law caps, including the changes to 2016 and 2017 required by section 101(a) of the 2015 BBA. Table 2 shows further adjustments to the caps for 2016 for amounts included in 2016 appropriations Acts, which are discussed in the next section.

### **Adjustments to discretionary limits.**

Table 2 shows how adjustments pursuant to section 251(b) of BBEDCA affect the discretionary limits for 2016. Section 251(b)(1) allows adjustments for con-

<sup>2</sup> For more information on the structure of the original security and nonsecurity categories, see any of OMB's sequestration reports to the President and Congress for fiscal years 2012 through 2014, which are available at: [http://www.whitehouse.gov/omb/legislative\\_reports/sequestration](http://www.whitehouse.gov/omb/legislative_reports/sequestration).

<sup>3</sup> See "OMB Sequestration Preview Report to the President and Congress for Fiscal Year 2016 and OMB Report to the Congress on the Joint Committee Reductions for Fiscal Year 2016" on OMB's website for more information: [http://www.whitehouse.gov/omb/legislative\\_reports/sequestration](http://www.whitehouse.gov/omb/legislative_reports/sequestration).

**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		-53.9					
Non-Defense Category .....	N/A	N/A	-36.6		-36.5					
Adjustments pursuant to section 101(a) of 2013 BBA:										
Defense Category .....	N/A	N/A	+22.4	-44.7						
Non-Defense Category .....	N/A	N/A	+22.4	-27.6						
Adjustments pursuant to section 101(a) of 2015 BBA:										
Defense Category .....	N/A	N/A	N/A	N/A	+25.0	-38.9				
Non-Defense Category .....	N/A	N/A	N/A	N/A	+25.0	-22.5				
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	+64.4	+58.8					
Non-Defense Category .....	N/A	N/A	+6.5	+9.3	+14.9					
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
Defense Category .....	N/A	N/A	+0.2	+0.1						
Non-Defense Category .....	N/A	N/A		+5.3	+0.8					
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	+1.5	+1.5					
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	+6.5	+7.1					
Technical adjustments for scoring differences with CBO that are permitted under section 7 of Public Laws 113-76, 113-235, and 114-113:										
Defense Category .....	N/A	N/A	+0.2	+0.0						
Non-Defense Category .....	N/A	N/A			+0.2					
<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	606.3	585.9	606.9	551.1	603.0	616.0	630.0	644.0
Non-Defense Category .....	N/A	N/A	504.8	514.9	543.0	518.5	553.0	566.0	578.0	590.0

N/A = Not Applicable

**Table 2. DISCRETIONARY SPENDING LIMITS**

(Discretionary budget authority in millions of dollars)

	2015	2016	2017	2018	2019	2020	2021
<b>DEFENSE (OR "REVISED SECURITY") CATEGORY</b>							
Preview Report Spending Limit .....	585,870	523,091	590,000	603,000	616,000	630,000	644,000
Adjustments in the Update Report:							
Overseas Contingency Operations/Global War on Terrorism .....	-14						
Update Report Spending Limit .....	585,856	523,091	590,000	603,000	616,000	630,000	644,000
Defense Category changes enacted pursuant to section 101(a) of 2015 BBA .....		+25,000	-38,932				
Adjustments for the Final Sequestration Report:							
Overseas Contingency Operations/Global War on Terrorism .....		+58,800					
Final Sequestration Report Spending Limit .....	585,856	606,891	551,068	603,000	616,000	630,000	644,000
<b>NON-DEFENSE (OR "REVISED NONSECURITY") CATEGORY</b>							
Preview Report Spending Limit .....	514,107	493,491	541,000	553,000	566,000	578,000	590,000
Adjustments in the Update Report:							
Disaster Relief .....	+812						
Update Report Spending Limit .....	514,919	493,491	541,000	553,000	566,000	578,000	590,000
Non-Defense Category changes enacted pursuant to section 101(a) of 2015 BBA .....		+25,000	-22,469				
Adjustments for the Final Sequestration Report:							
Emergency Requirements .....		+785					
Overseas Contingency Operations/Global War on Terrorism:							
Level provided in section 101(d) in 2015 BBA .....		+14,895					
OCO/GWOT changes in 2016 CAA .....		-9					
CDRs and Redeterminations .....		+1,153					
Health Care Fraud and Abuse Control .....		+370					
Disaster Relief .....		+7,143					
Technical allowance for estimating differences with CBO .....		+154					
Subtotal, Non-Defense Category Adjustments .....		+24,491					
Final Sequestration Report Spending Limit .....	514,919	542,982	518,531	553,000	566,000	578,000	590,000
<b>TOTAL DISCRETIONARY FUNDING</b>							
Preview Report, Total Discretionary Spending .....	1,099,977	1,016,582	1,131,000	1,156,000	1,182,000	1,208,000	1,234,000
Update Report, Total Discretionary Spending .....	1,100,775	1,016,582	1,131,000	1,156,000	1,182,000	1,208,000	1,234,000
Final Sequestration Report, Total Discretionary Spending .....	1,100,775	1,149,873	1,069,599	1,156,000	1,182,000	1,208,000	1,234,000

N/A = Not Applicable

cepts 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 Acts. In addition, section 7 of the CAA requires an adjustment for OMB estimating differences with the Congressional Budget Office (CBO) for 2016 if OMB estimates that new budget authority exceeds the discretionary spending limit for any category set forth in

section 251(c) of BBEDCA. With full-year appropriations for 2016 enacted, the following adjustments are now made to the 2016 defense and non-defense base caps set in the 2015 BBA in Table 2:

*Emergency Requirement and Overseas Contingency Operations/Global War on Terrorism (OCO/GWOT) Appropriations.*—These adjustments are authorized in section 251(b)(2)(A) of BBEDCA and include fund-

ing for amounts that the 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.

A net total adjustment of \$85 million is made for two provisions contained in Title IX of the Department of State, Foreign Operations, and Related Programs Appropriations Act (Division K of the CAA), which are designated as emergency requirements. This amount is for an increase in the United States Quota in the International Monetary Fund (IMF) that is equivalent to 40,871,800,000 in Special Drawing Rights (SDRs) combined with a permanent rescission of the dollar equivalent of 40,871,800,000 SDRs from the United States credit arrangement in the New Arrangements to Borrow (NAB) of the IMF. As required by the CAA, OMB estimates for these two provisions are made on a present value basis with an adjustment for market risk. In addition, a \$700 million adjustment is made for an appropriation that was designated as an emergency requirement for urgent wildland fire suppression activities provided for the Department of Agriculture (Forest Service) in section 135 of Public Law 114-53, the Continuing Appropriations Act, 2016 (the “short-term CR”).

The CAA provided a total of \$73,686 million (including rescissions) for OCO/GWOT purposes for 2016. The component amounts appropriated are as follows:

- \$58,640 million in defense funds provided in the 2016 Department of Defense Appropriations Act (Division C of the CAA);
- \$160 million in defense funds provided in the 2016 Department of Homeland Security Appropriations Act (Division F of the CAA); and
- \$14,886 million in non-defense funds provided in the 2016 Department of State, Foreign Operations, and Related Programs Appropriations Act (Division K of the CAA), including the total OCO appropriation of \$14,895 million, which is the level included in section 101(d) for function 150 of the 2015 BBA, adjusted downward by the repurposing of \$10 million in prior-year funds, as authorized in section 7034(o).

The combined adjustment for all of these amounts increases the defense category by \$58,800 million

(for OCO/GWOT activities) and the non-defense category by \$15,671 million (split between \$785 million for emergency requirements and \$14,886 million for OCO/GWOT activities).

The Congress designated the IMF amounts as emergency requirements as well as the OCO/GWOT amounts in the CAA, as appropriate, and the President transmitted to the Congress his separate designations of these amounts as emergency requirements or as OCO/GWOT activities, as appropriate, on December 18, 2015. For the wildland fire suppression emergency requirement, the Congress included its designation in the short-term CR and the President transmitted to the Congress his subsequent designation of this amount on September 30, 2015. 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 to 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. Appropriations in the 2016 Labor, HHS, and Education Appropriations Act in Division H of the CAA provided a base level of \$273 million and \$1,153 million as a cap adjustment for these purposes—\$30 million more than was provided in 2015 but \$13 million below the maximum allowable adjustment specified for 2016 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 and Enforcement Action Team 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. Appropriations in the 2016 Labor, HHS, and Education Appropriations Act in Division H of the CAA provided a base level of \$311 million and \$370 million as a cap adjustment for these purposes—\$9 million more than was provided in 2015 but \$25 million below the maximum allowable adjustment specified for 2016 in BBEDCA. This adjustment is allocated entirely to the non-defense category.

*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 the 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 2016, released on August 20, 2015 a preview estimate of the 2016 adjustment for disaster relief. The ceiling for the disaster relief adjustment in 2016 was calculated to be \$14,125 million. The Congress has provided \$7,143 million in appropriations in 2016 that are designated for disaster relief. The component amounts appropriated are as follows:

- \$130 million is for the Department of Agriculture’s Emergency Forest Restoration Program, Emergency Conservation Program, and Watershed and Flood Prevention Operations accounts in the 2016 Agriculture and Rural

Development Appropriations Act (Division A of the CAA);

- \$6,713 million is for the Federal Emergency Management Agency’s Disaster Relief Fund (DRF) in the 2016 Department of Homeland Security Appropriations Act (Division F of the CAA); and
- \$300 million is for the Department of Housing and Urban Development’s Community Development Fund in the 2016 Transportation, Housing and Urban Development, and Related Agencies Appropriations Act (Division L of the CAA).

Accordingly, Table 2 allocates this combined adjustment of \$7,143 million entirely to the non-defense category. The amounts enacted as full-year appropriations for disaster relief in 2016 are \$6,982 million below the preview adjustment estimate of \$14,125 million. However, pursuant to section 251(b)(2)(D)(i)(II) of BBEDCA, any unused carryover from 2015 cannot carry forward into the calculation of the 2017 preview estimate. As a result, only \$1,598 million of this total underage will carry forward into the calculation of the 2017 preview adjustment in OMB’s August 2016 Sequestration Update Report for Fiscal Year 2017 if no further appropriations are enacted for 2016 that are designated for disaster relief.

*Technical Allowance for Estimating Differences.*—This allowance, specified in section 7 of the CAA, requires OMB to adjust the spending limit for any category in 2016 when new budget authority provided in an appropriations Act exceeds such discretionary spending limit due to estimating differences with CBO. The adjustment is equal to the amount of the excess in a category but the total of all such adjustments for any category cannot exceed 0.2 percent of the sum of the adjusted discretionary caps for all categories for that fiscal year. As detailed in its 2016 Seven-Day-After Report for the CAA, OMB has an estimating difference of \$154 million with CBO for appropriations provided under the non-defense category for 2016, which would cause OMB estimates to exceed the non-defense cap. With the adjustments included above, OMB estimates that the adjusted defense and non-defense caps for 2016 total \$1,149.719 billion, which permits a maximum technical adjustment for 2016 of \$2.299 billion. Since the \$154 million is within the maxi-

mum allowable technical adjustment for 2016, the non-defense cap is adjusted upward by \$154 million, and total enacted appropriations do not exceed the adjusted non-defense cap.

**Reduction of Non-BBEDCA  
Emergency funding.**

Section 745 of the 2016 Agriculture and Rural Development Appropriations Act (Division A of the CAA) repurposes approximately \$2 million in funds that previously had been designated by the Congress as an emergency requirement pursuant to either the Concurrent Resolution on the Budget for Fiscal Year 2006 or the Concurrent Resolution on the Budget for Fiscal Year 2008. OMB scored this provision in its seven-day-after report for the CAA as a reduction in non-BBEDCA emergency funds and as an increase in base discretionary funds but OMB does not adjust the non-defense cap since the provision was not designated as an emergency requirement pursuant to section 251(b)(2)(A)(i) of BBEDCA. This results in a \$2 million base cost against the discretionary caps.

**Summary of current year (FY 2015)  
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 2015 discretionary appropriations, relative to the discretionary caps for 2015. The caps include all adjustments made to 2015 in the 2015 final sequestration report and the 2016 sequestration update report. Adjustments were made in the update report to reflect final OCO/GWOT and disaster relief appropriations due to enactment of the full-year 2015 Department of Homeland Security Appropriations Act. No further supplemental appropriations with an impact on budget authority were enacted in 2015, therefore, the scoring for enacted budget authority for both categories for 2015 remains within the specified cap levels.

**Table 3. STATUS OF 2015 DISCRETIONARY  
APPROPRIATIONS**

(In millions of dollars)

	BA	Outlays
<b>Defense Category</b>		
Adjusted discretionary spending limit .....	585,856	N/A
Total enacted appropriations .....	585,856	595,984
Spending over (+)/under (-) limit .....	....	N/A
<b>Non-Defense Category</b>		
Adjusted discretionary spending limit .....	514,919	N/A
Total enacted appropriations .....	511,520	609,161
Spending over (+)/under (-) limit .....	-3,399	N/A
<b>Total Discretionary Spending—All Categories</b>		
Adjusted discretionary spending limits .....	1,100,775	N/A
Total enacted appropriations .....	1,097,376	1,205,145
Spending over (+)/under (-) limits .....	-3,399	N/A

**Summary of enacted budget year (FY 2016) 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 2016 appropriations bills as measured against the 2016 caps. OMB estimates that discretionary appropriations are \$1 million under the defense cap while non-defense appropriations are at the non-defense cap. As a result, OMB estimates that sequestration will not be required for either of the discretionary categories.

In the past, table 4, as well as OMB’s seven-day-after reports, have included a summary of OMB’s estimates of discretionary budget outlays as required by section 251(a)(7)(B) of BBEDCA. This requirement was essential to budget enforcement from 1990 to 2002 when BBEDCA included caps on discretionary outlays. Today, the outlay reporting requirement lacks the same relevance because the BCA only reestablished the discretionary caps on budget authority. Section 1003 of Title X in Division O of the CAA modified BBEDCA to remove this out-dated outlay reporting requirement, and estimates of discretionary budget outlays will no longer be included in this report or in OMB’s seven-day-after reports.

**Table 4. SUMMARY OF 2016 APPROPRIATIONS ACTION<sup>1</sup>**

(Discretionary budget authority and outlays in millions of dollars)

	Budget Authority
<b><u>DEFENSE CATEGORY</u></b>	
Defense Appropriations:	
Commerce, Justice, Science, and Related Agencies .....	5,101
Defense .....	572,640
Energy and Water Development .....	18,859
Financial Services and General Government.....	44
Homeland Security .....	1,865
Military Construction and Veterans Affairs .....	8,171
Transportation and Housing and Urban Development...	210
Total, Defense Appropriations .....	606,890
Final Sequestration Report Defense Category Limit .....	606,891
<b>CONGRESSIONAL ACTION OVER(+)/UNDER(-) LIMIT ...</b>	<b>-1</b>
<b><u>NON-DEFENSE CATEGORY</u></b>	
Non-Defense Appropriations:	
Agriculture and Rural Development.....	21,789
Commerce, Justice, Science, and Related Agencies.....	50,602
Defense .....	136
Energy and Water Development .....	18,286
Financial Services and General Government.....	23,211
Homeland Security .....	45,963
Interior and Environment <sup>2</sup> .....	32,858
Labor, HHS, and Education.....	163,719
Legislative Branch .....	4,364
Military Construction and Veterans Affairs .....	71,699
State and Foreign Operations .....	52,580
Transportation and Housing and Urban Development...	57,775
Total, Non-Defense Appropriations .....	542,982
Final Sequestration Report Non-Defense Category Limit ....	542,982
<b>CONGRESSIONAL ACTION OVER(+)/UNDER(-) LIMIT ..</b>	<b>.....</b>
<b><u>Reduction of Non-BBEDCA Emergency Funds<sup>3</sup></u></b>	
<i>Agriculture and Rural Development .....</i>	<i>-2</i>
<b><u>TOTAL DISCRETIONARY</u></b>	
Total, Discretionary .....	1,149,872
Final Sequestration Report Total Category Limits .....	1,149,873
<b>CONGRESSIONAL ACTION OVER(+)/UNDER(-)</b>	
<b>TOTAL OF LIMITS .....</b>	<b>-1</b>

<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.

<sup>2</sup> OMB scoring for Interior and Environment includes the \$700 million emergency requirement enacted in the short-term CR.

<sup>3</sup> This amount was not designated pursuant to section 251(b)(2)(A) of BBEDCA, therefore, it is not counted towards any totals relative to the caps.

**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 caps. Table 5 compares OMB and CBO limits for fiscal years 2016 through 2021. For 2016, both OMB and CBO include the defense and non-defense caps enacted in the 2015 BBA and make adjustments to the caps pursuant to section 251(b)(2) of BBEDCA. CBO's estimate of the defense cap is \$2 million lower than OMB's estimate, which is attributable entirely to rounding of OCO/GWOT appropriations. For the non-defense cap, there exists a difference of \$232 million. This difference is due to the following factors:

- OMB adjusts the cap by \$154 million more than CBO due to the adjustment for technical estimating differences, which is required by section 7 of the CAA;
- OMB adjusts the cap by \$85 million more than CBO due to OMB's present value score for IMF provisions in the CAA that are counted as emergency requirements (see the Emergency Requirement and OCO/GWOT adjustments section of this report). In contrast, CBO's estimates

for these transactions nets to zero, which leads to a difference between OMB's and CBO's estimate of the final 2016 adjusted non-defense cap;

- OMB adjusts the cap by \$9 million less than CBO for OCO/GWOT appropriations with a positive \$1 million difference due to rounding and a negative \$10 million difference due to a reduction that OMB scores for section 7034(o) in the 2016 Department of State, Foreign Operations, and Related Programs Appropriations Act (Division K of the CAA) that allows the repurposing of any prior-year funds, including any OCO/GWOT or emergency funding, from prior-year Acts without an OCO/GWOT or emergency designation; and
- OMB does not reduce the caps by \$2 million for the repurposing of non-BBEDCA emergency funds that are included in CBO's estimate because this amount has not been designated pursuant to BBEDCA.

OMB and CBO have no difference for the 2017 cap, which was set by the 2015 BBA. For the 2018 through 2021 caps, CBO begins with the same levels as OMB for the defense and non-defense caps. However, CBO includes approximate adjustments to account for the automatic enforcement procedures in section 251A of BBEDCA. As noted previously, OMB does not include

**Table 5. COMPARISON OF OMB AND CBO DISCRETIONARY SPENDING LIMITS**  
(Discretionary Budget Authority In Millions Of Dollars)

	2016	2017	2018	2019	2020	2021
<b>DEFENSE CATEGORY</b>						
CBO Final Report Limit .....	606,889	551,068	549,040	562,043	576,047	590,051
OMB Final Report Limit .....	606,891	551,068	603,000	616,000	630,000	644,000
Difference +/- .....	+2	.....	+53,960	+53,957	+53,953	+53,949
<b>NON-DEFENSE CATEGORY</b>						
CBO Final Report Limit .....	542,750	518,531	515,599	529,700	542,906	555,222
OMB Final Report Limit .....	542,982	518,531	553,000	566,000	578,000	590,000
Difference +/- .....	+232	.....	+37,401	+36,300	+35,094	+34,778
<b>TOTAL DISCRETIONARY</b>						
CBO Final Report, Total Discretionary .....	1,149,639	1,069,599	1,064,639	1,091,743	1,118,953	1,145,273
OMB Final Report, Total Discretionary .....	1,149,873	1,069,599	1,156,000	1,182,000	1,208,000	1,234,000
Difference +/- .....	+234	.....	+91,361	+90,257	+89,047	+88,727

N/A = Not Applicable



these reductions to the revised limits because they are not required in this report and the actual adjustments will depend on the estimate of sequestrable mandatory outlays in the baselines of the Budgets that are specific to those years.

Although OMB and CBO have very similar estimates of the 2016 caps, differences do exist in the amount of enacted 2016 discretionary budget authority that is

scored against the caps. Detailed explanations of the differences in enacted, full-year discretionary budget authority, including the differences highlighted above that result in different revisions to the caps, are available in the separate seven-day-after reports that were issued subsequent to enactment of each discretionary appropriations Act (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)).

