
OMB Sequestration Update Report to the President and Congress for the Current Fiscal Year



August 20, 2021

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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

August 20, 2021

The President
The White House
Washington, DC 20500


Dear Mr. President:

Enclosed please find the Office of Management and Budget's (OMB) *Sequestration Update Report to the President and Congress for the Current Fiscal Year*, prepared pursuant to section 254 of the Balanced Budget and Emergency Deficit Control Act of 1985.

This report provides an update to the 2021 discretionary spending caps contained in OMB's final sequestration report for 2021 that was released on January 19, 2021. The enactment of the Emergency Security Supplemental Appropriations Act, 2021 (Public Law 117-31) resulted in changes to both the defense and non-defense caps in 2021. After accounting for these changes, enacted appropriations legislation for 2021 remains within the respective defense and non-defense caps.

OMB's past update reports have provided OMB's scoring estimates of pending budget year appropriations legislation as measured against the discretionary spending caps for that fiscal year. However, since discretionary spending caps are in effect only through fiscal year 2021, this report does not contain any estimates of pending budget year (2022) appropriations legislation. Unless there are changes to the status quo, OMB does not plan to issue further discretionary sequestration reports.

Sincerely,


Shalanda D. Young
Acting Director

Enclosure

Identical Letter Sent to The Honorable Kamala D. Harris
and The Honorable Nancy Pelosi

I. INTRODUCTION

The Budget Control Act of 2011 (BCA, Public Law 112-25) amended the Balanced Budget and Emergency Deficit Control Act of 1985 (BBEDCA), which had expired in 2002, by reinstating limits (or caps) on discretionary budget authority for 2012 through 2021. Since enactment of the BCA, these spending caps have been revised a number of times due to reductions required by the BCA to enforce deficit targets (often referred to as “Joint Committee enforcement”) followed by bipartisan legislation to restore much of the reductions. These bipartisan agreements took the form of two-year budget deals: the 2014 and 2015 caps were revised by the Bipartisan Budget Act of 2013 (BBA of 2013, Public Law 113-67); the 2016 and 2017 caps were revised by the Bipartisan Budget Act of 2015 (BBA of 2015, Public Law 114-74); the 2018 and 2019 caps were revised by the Bipartisan Budget Act of 2018 (BBA of 2018, Public Law 115-

123); and the 2020 and 2021 caps were revised by the Bipartisan Budget Act of 2019 (BBA of 2019, Public Law 116-37).

Section 254 of BBEDCA requires OMB to issue a sequestration update report by August 20 each year through 2021. This report provides OMB’s current estimates of the 2021 discretionary spending caps, including updates to the caps since OMB last reported on the caps in its final 2021 sequestration report that was issued on January 19, 2021. The enactment of the Emergency Security Supplemental Appropriations Act, 2021 (Public Law 117-31) resulted in changes to both the defense and non-defense caps in 2021. Because there are no caps in place beyond fiscal year 2021, this report does not provide any additional information regarding budget year (2022) appropriations legislation.

II. DISCRETIONARY SEQUESTRATION UPDATE REPORT

Discretionary programs are funded through the annual appropriations process. BBEDCA set caps on the amount of new budget authority available for discretionary programs each year through 2021 but does not require that the Congress appropriate the full amount available under the discretionary caps. OMB is required to provide regular reports regarding the status of the discretionary spending caps as the Congress works on the annual appropriations bills. Within seven working days of enactment of an appropriations bill, BBEDCA requires OMB to report its estimates of the enacted discretionary new budget authority. BBEDCA also requires OMB to issue reports during the year on the overall status of the discretionary caps, including this August update report. This update report addresses the changes enacted in Public Law 117-31 to the defense and non-defense caps. Because there are no caps specified beyond fiscal year 2021, this report does not provide any additional information regarding the status of budget year (2022) appropriations legislation. Furthermore,

OMB does not anticipate releasing further sequestration reports regarding the caps unless further changes are made to the discretionary spending caps in 2021 or new discretionary spending caps are enacted in future years.

Section 251 of BBEDCA specifies two categories for discretionary funding.¹ The revised security category includes only the discretionary programs in the defense budget function 050 (the “defense” category), which mainly consists of the Department of Defense and significant portions of agency budgets for the Department of Energy (including the National

¹ For more information on the structure of the BBEDCA spending caps and how they have changed over time, see Table 1 of this report, or consult any of the OMB’s sequestration reports to the President and the Congress during the previous Administration on OMB’s website (<https://www.whitehouse.gov/omb/legislative/sequestration-reports-orders/>) or during the Obama Administration at the archive site (https://obamawhitehouse.archives.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
Original limits set in Title I of the Budget Control Act of 2011:										
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 the American Taxpayer Relief Act (Public Law 112-240):										
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	.....	-53.9	-53.9	-53.8	.....
Non-Defense Category	N/A	N/A	-36.6	.....	-36.5	.....	-37.3	-35.7	-34.8	.....
Adjustments pursuant to section 101(a) of the BBA of 2013 (Public Law 113-67):										
Defense Category	N/A	N/A	+22.4	-44.7	.....	.....	.....	.....	.....	.....
Non-Defense Category	N/A	N/A	+22.4	-27.6	.....	.....	.....	.....	.....	.....

Table 1. OVERVIEW OF CHANGES TO DISCRETIONARY SPENDING LIMITS—Continued

(Discretionary budget authority in billions of dollars)

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Adjustments pursuant to section 101(a) of the BBA of 2015 (Public Law 114–74):										
Defense Category	N/A	N/A	.....	.....	+25.0	–38.9	.....	.....	.....	.....
Non-Defense Category	N/A	N/A	.....	.....	+25.0	–22.5	.....	.....	.....	.....
Adjustments pursuant to section 30101(a) of Title I in Division C of the BBA of 2018 (Public Law 115–123):										
Defense Category	N/A	N/A	.....	.....	.....	.....	+79.9	+84.9	.....	.....
Non-Defense Category	N/A	N/A	.....	.....	.....	.....	+63.3	+66.7	.....	.....
Adjustments pursuant to section 101(a) of Title I of the BBA of 2019 (Public Law 116–37):										
Defense Category	N/A	N/A	.....	.....	.....	.....	.....	.....	+90.3	+27.5
Non-Defense Category	N/A	N/A	.....	.....	.....	.....	.....	.....	+78.3	+36.5
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	+82.9	+66.1	+69.0	+71.5	+69.0
Non-Defense Category	N/A	N/A	+6.5	+9.3	+14.9	+20.8	+12.0	+8.0	+8.0	+8.0
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	.....	.....	+5.9	+2.8	+18.6	+1.1
Non-Defense Category	N/A	N/A	.....	+5.3	+1.7	+19.4	+103.8	+22.6	+501.4	+194.0
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	+2.0	+1.9	+1.9	+1.8	+1.9
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	+6.5	+7.6	+8.1	+7.4	+12.0	+17.5	+17.3
Wildfire Suppression:										
Non-Defense Category	N/A	N/A	.....	.....	.....	.....	.....	.....	+2.3	+2.4
2020 Census:										
Non-Defense Category	N/A	N/A	.....	.....	.....	.....	.....	.....	+2.5	.....
Technical adjustments for scoring differences with CBO: ¹										
Defense Category	N/A	N/A	+0.2	+0.0	.....	+0.0	+0.0	+0.0	.....	+0.1
Non-Defense Category	N/A	N/A	.....	.....	+0.2	.....	+0.6	.....	+0.5	.....
Revised Limits Included in the OMB Sequestration Update Report:										
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	634.0	700.9	718.8	756.6	741.8
Non-Defense Category	N/A	N/A	504.8	514.9	544.4	568.8	704.6	641.5	1,155.5	850.0

N/A = Not Applicable

¹ These adjustments are permitted under section 7 of Public Laws 113-76, 113-235, 114-113, and 115-31, section 748 of division E of Public Law 115-141, and section 747 of division D of Public Law 116-6, division C of Public Law 116-93, and division E of Public Law 119-260.

Nuclear Security Administration) and the Federal Bureau of Investigation. The revised non-security category consists of all discretionary programs not in the revised security category—essentially all non-defense (or non-050) budget functions (the “non-defense” category).

The following section discusses each of the required adjustments to those caps. Table 1 summarizes the original caps enacted in the BCA and all changes to date that have been made to those caps.

Section 251 of BBEDCA adjustments to discretionary caps.—Since enactment of the BBA of 2019 in August of 2019, there have been no further changes to the base caps for 2021. The 2021 caps, including adjustments reflected in OMB’s final sequestration report for 2021, stand at \$740.7 billion for defense and \$849.0 billion for non-defense.² However, adjustments to the 2021 caps are required pursuant to section 251 of BBEDCA due to enacted discretionary supplemental appropriations legislation. Section 251(b)(1) allows adjustments for changes in concepts and definitions to be made in the preview report, which is transmitted with the President’s Budget, and section 251(b)(2) au-

thorizes certain adjustments after the enactment of appropriations.

Enacted Emergency Requirements.—Section 251(b)(2)(A) of BBEDCA authorizes adjustment to the caps for appropriations that are designated by the Congress, and subsequently designated by the President, as emergency requirements or for Overseas Contingency Operations. Since the final 2021 sequestration report was released, the Emergency Security Supplemental Appropriations Act, 2021 (Public Law 117-31) has been enacted, which requires adjustments for emergency requirements to the 2021 caps pursuant to section 251(b)(2)(A)(i) of BBEDCA. This supplemental appropriations Act provides a total of \$2.1 billion in emergency requirements for 2021 with \$1.0 billion provided in defense funding and \$1.1 billion provided in non-defense funding. Table 2 displays these adjustments for 2021. The Congress designated as emergency requirements the amounts provided in the Act and the President transmitted his emergency designations to the Congress on July 30, 2021.³

Status of 2021 discretionary appropriations.—Table 3 summarizes the status of enacted 2021 discretionary appropriations legislation, relative to the

² For a full accounting of all the adjustments made to the base 2021 caps, please see OMB’s final sequestration report for 2021 on OMB’s website at: <https://www.whitehouse.gov/omb/legislative/sequestration-reports-orders/>.

³ The President’s designations are available on OMB’s website: <https://www.whitehouse.gov/omb/supplementals-amendments-and-releases/>.

Table 2. DISCRETIONARY SPENDING LIMITS

(Discretionary budget authority in millions of dollars)

	2021
DEFENSE (OR “REVISED SECURITY”) CATEGORY	
2021 Final Sequestration Report Spending Limit	740,735
Defense Adjustments for the OMB Sequestration Update Report:	
Emergency Requirements	+1,022
OMB Sequestration Update Report for Current Year 2021 Spending Limit	741,757
NON-DEFENSE (OR “REVISED NONSECURITY”) CATEGORY	
2021 Final Sequestration Report Spending Limit	848,974
Non-Defense Adjustments for the OMB Sequestration Update Report:	
Emergency Requirements	+1,074
OMB Sequestration Update Report for Current Year 2021 Spending Limit	850,048
2021 Final Sequestration Report, Total Discretionary Spending	1,589,709
OMB Sequestration Update Report, Total Discretionary Spending	1,591,805

Table 3. STATUS OF 2021 DISCRETIONARY APPROPRIATIONS
(Discretionary budget authority in millions of dollars)

	Budget Authority
Defense Category	
Adjusted discretionary spending limit	741,757
Total enacted appropriations	741,757
Spending over (+)/under (-) limit .....	....
Non-Defense Category	
Adjusted discretionary spending limit	850,048
Total enacted appropriations	850,038
Spending over (+)/under (-) limit	-10
Total Discretionary Spending—All Categories	
Adjusted discretionary spending limits	1,591,805
Total enacted appropriations	1,591,795
Spending over (+)/under (-) limits	-10

discretionary caps for 2021. The caps include all adjustments reflected in OMB’s 2021 final sequestration report and the adjustments reflected in this report. Using the same economic and technical assumptions underlying the 2021 Budget, OMB’s estimate of enacted budget authority for the defense category remains at the 2021 spending cap while OMB’s estimate of budget authority for the non-defense category remains below the 2021 spending cap.

Comparison of OMB and CBO discretionary limits.—Section 254(e) of BBEDCA requires this report to explain any differences between OMB and CBO estimates for the discretionary spending limits. CBO has not issued a formal update report this year but notes in a web posting (<https://www.cbo.gov/publication/57411>) that appropriations legislation remains within its estimate of the 2021 discretionary spend-

ing caps. Table 4 compares OMB and CBO limits for 2021. CBO uses the discretionary limits from OMB’s final 2021 sequestration report as a starting point for adjustments in its sequestration update report. CBO’s estimate for the 2021 defense cap is \$1 million lower than OMB’s estimate while the CBO estimate of the non-defense cap is \$1 million higher than OMB’s estimate. These differences are entirely due to rounding differences between OMB and CBO scoring estimates for Public Law 117-31.⁴

Discretionary Budget Enforcement after 2021.—As noted previously in this report, no discretionary caps are currently in place beyond 2021 and OMB does not plan to issue further sequestration reports unless that status quo changes or further adjustments are made in 2021 before the fiscal year ends. In its 2022 Budget, the Administration did not propose caps after 2021 but does support retaining several of the BBEDCA cap adjustments as “allocation adjustments” to be used pursuant to Congressional budget resolutions. Specifically, the Budget supports maintaining adjustments for anomalous or above-base activities such as program integrity, disaster relief, and wildfire suppression that continue to be presented outside of the base allocation for certain accounts. The Administration appreciates that both the House of Representatives and the Senate followed this approach in each of their respective resolutions (H. Res. 467 and S. Con. Res. 14). For more information on the Administration’s budget enforcement position and proposed allocation adjustments in 2022 and beyond, please see the Budget Concepts chapter of the Analytical Perspectives volume of the President’s FY 2022 Budget.⁵

⁴ See OMB’s Seven-Day-After Reports for Public Law 117-31 and for other appropriations laws on OMB’s website for more information behind the net scoring differences: <https://www.whitehouse.gov/omb/legislative/budget-enforcement-act-7-day-reports/>.

⁵ The *Analytical Perspectives* volume can be found on OMB’s website in the following location: <https://www.whitehouse.gov/omb/analytical-perspectives/>.

**Table 4. COMPARISON OF OMB AND CBO
DISCRETIONARY SPENDING LIMITS**

(Discretionary budget authority in millions of dollars)

	2021
<u>DEFENSE (OR "REVISED SECURITY") CATEGORY</u>	
CBO Update Report Limit	741,756
OMB Update Report Limit	741,757
Difference +/-	+1
<u>NON-DEFENSE (OR "REVISED NONSECURITY") CATEGORY</u>	
CBO Update Report Limit	850,049
OMB Update Report Limit	850,048
Difference +/-	-1
CBO Update Report, Total Discretionary	1,591,805
OMB Update Report, Total Discretionary	1,591,805
Difference +/- .....	.....

