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# **OMB Final Sequestration Report to the President and Congress for Fiscal Year 2018**

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April 6, 2018



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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

April 6, 2018

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 2018*, which has been prepared pursuant to section 254 of the Balanced Budget and Emergency Deficit Control Act of 1985 (BBEDCA). This report was originally due 15 days after the end of the last Congressional session, but section 147 of the Continuing Appropriations Act, 2018 (division D of Public Law 115-56, as amended by division A of Public Laws 115-90 and 115-96, division B of Public Law 115-120, and subdivision 3 of division B of Public Law 115-123) delayed the report until 15 days after March 23, 2018, the expiration of the fiscal year 2018 continuing resolution.

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. These include adjustments to the discretionary limits required by enactment of the Bipartisan Budget Act of 2018 (Public Law 115-123), which replace OMB's estimate of the spending limits that were included in the *OMB Sequestration Preview Report to the President and Congress for Fiscal Year 2019* that was released in February with the President's 2019 Budget. This report also includes OMB's scoring of the enacted 2018 discretionary appropriations bills compared to the revised limits and comparisons of OMB's estimates of the caps with the estimates provided by the Congressional Budget Office in its *Final Sequestration Report for Fiscal Year 2018*.

Based on the estimates in this report, enacted appropriations are within the discretionary spending limits for 2018, and a sequestration of discretionary budget authority pursuant to section 251 of BBEDCA is not required.

Sincerely,

Mick Mulvaney  
Director

Enclosure

Identical Letter Sent to The Honorable Michael R. Pence  
and The Honorable Paul D. Ryan



# 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) by reinstating spending limits on discretionary budget authority for the period of 2012 through 2021. Since enactment of the BCA, these spending limits have been revised a number of times, with the most recent changes occurring in the form of two-year budget agreements: the 2014 and 2015 limits were revised by the Bipartisan Budget Act of 2013 (BBA of 2013; Public Law 113–67); the 2016 and 2017 limits were revised by the Bipartisan Budget Act of 2015 (BBA of 2015; Public Law 114–74); and the 2018 and 2019 limits were revised by the Bipartisan Budget Act of 2018 (BBA of 2018; Public Law 115–123).

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. Section 147 of the Continuing Appropriations Act, 2018 (division D of Public Law 115–56, as amended by division A of Public Laws 115–90 and 115–96, division B of Public Law 115–120, and subdivision 3 of division B of Public Law 115–123) (“the CR”) delayed the release of this report until 15 days after March 23, 2018, to provide more time for the Congress to complete the appropriations Acts for 2018. The delay created an unusual circumstance, whereby this report is being released after OMB’s sequestration preview report for 2019, which was released on February 12 with the 2019 Budget pursuant to BBEDCA requirements. The 2019 preview report specified spending limits for 2018 and 2019 that did not account for revisions enacted in the BBA of 2018. This report reflects these revisions and effectively replaces the current law limits in OMB’s 2019 preview report.

Prior to completion of regular appropriations Acts, the Congress enacted emergency supplemental appropriations for 2017 and 2018 to respond to the 2017 Atlantic hurricanes and the California wild-

fires and for missile defense. The CR contained the Supplemental Appropriations for Disaster Relief Requirements Act, 2017 (division B of Public Law 115–56), which was enacted on September 8, 2017. A second disaster supplemental, the Additional Supplemental Appropriations for Disaster Relief Requirements Act, 2017 (division A of Public Law 115–72) was enacted on October 26, 2017. The Department of Defense Missile Defeat and Defense Enhancements Appropriations Act, 2018 (division B of Public Law 115–96) was enacted on December 22, 2017. Finally, the Further Additional Supplemental Appropriations for Disaster Relief Requirements Act, 2018 (subdivision 1 of division B of Public Law 115–123) was enacted on February 9, 2018. OMB released its “Seven-Day-After Reports” reflecting the scoring for each of these Acts on September 18, 2017, November 3, 2017, January 4, 2018, and February 21, 2018, respectively.<sup>1</sup>

The regular 12 appropriations Acts for 2018 were enacted when the President signed the Consolidated Appropriations Act, 2018 (CAA of 2018; Public Law 115–141), on March 23, 2018. OMB completed its scoring estimates of that Act and released its Seven-Day-After Report detailing those estimates on April 3, 2018, in accordance with the requirements of section 251(a)(7) of BBEDCA.

This final fiscal year 2018 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 2017 supplemental and 2018 discretionary appropriations in the Acts listed above compared to those limits, and comparisons of OMB’s estimated limits with those provided by the Congressional Budget Office (CBO) in its *Final Sequestration Report for Fiscal Year 2018*. As required by BBEDCA, OMB’s scoring for 2018 estimates rely on the same economic and technical assumptions used in the 2018 Budget, which was transmitted to the Congress on May 23, 2017. This report covers appropriations legislation enacted through March 30, 2018, 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: <https://www.whitehouse.gov/omb/legislative/budget-enforcement-act-7-day-reports/>.





## II. DISCRETIONARY FINAL SEQUESTRATION REPORT

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.

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 caps. Any enacted discretionary appropriations that OMB estimates to exceed the caps triggers 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 2018. As BBEDCA requires, the estimates rely on the same economic and technical assumptions used in the President’s 2018 Budget, which was transmitted to the Congress on May 23, 2017. This year, this report is being released out of its normal sequence since the CR delayed the release of this report past the release of the President’s 2019 Budget. BBEDCA requires OMB to issue the first of its sequestration reports – the preview report - with the President’s Budget in order to incorporate any changes to the limits after the final sequestration report. OMB issued its 2019 preview report with the President’s 2019 Budget in February under that timetable. However, the statutory timeline for that report did not enable it to reflect changes to the caps from this final report, nor did it incorporate the changes to the caps necessitated by the BBA of 2018. The caps in this report effectively replace the current law caps specified in the 2019 preview report.

<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 the Congress for fiscal years 2012 through 2014, which are available at the following archive site: [https://obamawhitehouse.archives.gov/omb/legislative\\_reports/sequestration](https://obamawhitehouse.archives.gov/omb/legislative_reports/sequestration).

In OMB’s 2018 and 2019 preview reports<sup>3</sup>, the 2018 and 2019 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 in 2018 by \$53,943 million and in 2019 by \$53,858 million. The non-defense cap was reduced in 2018 by \$37,251 million and in 2019 by \$35,657 million. Section 30101(a) of title I, division C of the BBA of 2018 more than restored these reductions. The defense caps are raised in 2018 by \$79,943 million and in 2019 by \$84,858 million to levels of \$629,000 million and \$647,000 million in 2018 and 2019, respectively. The non-defense caps are raised in 2018 by \$63,251 million and in 2019 by \$66,657 million to levels of \$579,000 million and \$597,000 million in 2018 and 2019, respectively. After 2019, in the absence of further congressional action, section 251A of BBEDCA requires reductions to the current discretionary caps for 2020 and 2021. The precise amount of the reductions for those years are unknown at this time and will depend on the relative size of sequestrable mandatory outlays in the baseline in the respective future Budgets. Since these reductions are unknown and not required at this time, they are not reflected in the caps shown in this report.

OMB is required by statute 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 2018 and 2019 required by section 30101(a) of title I, division C of the BBA of 2018. Table 2 shows further adjustments to the caps for 2017 and 2018 for amounts included in 2017 and 2018 supplementals and 2018 full-year 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 2017 and 2018. 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 Acts. In addition, section 748 of the Financial Services and General Government Appropriations Act, 2018 (division E of the CAA of 2018) (the “2018 FSGG Act”) requires an adjustment for OMB estimating differences with CBO for 2018 if OMB estimates that new budget authority exceeds the discretionary spending limit for any category set forth in section 251(c) of BBEDCA. With supplemental appropriations for 2017 and full-year appropriations for 2018

<sup>3</sup> See OMB’s sequestration preview reports for 2018 and 2019 on OMB’s website: <https://www.whitehouse.gov/omb/legislative/sequestration-reports-orders/>.

**Table 1. OVERVIEW OF CHANGES TO DISCRETIONARY SPENDING LIMITS**

(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 the American Taxpayer Relief Act of 2012:										
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	.....	.....
Non-Defense Category .....	N/A	N/A	-36.6	.....	-36.5	.....	-37.3	-35.7	.....	.....
Adjustments pursuant to section 101(a) of the BBA of 2013:										
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 the BBA of 2015:										
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:										
Defense Category .....	N/A	N/A	.....	.....	.....	.....	+79.9	+84.9	.....	.....
Non-Defense Category .....	N/A	N/A	.....	.....	.....	.....	+63.3	+66.7	.....	.....
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	.....	.....	.....
Non-Defense Category .....	N/A	N/A	+6.5	+9.3	+14.9	+20.8	+12.0	.....	.....	.....
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	.....	.....	.....
Non-Defense Category .....	N/A	N/A	.....	+5.3	+1.7	+19.4	+103.8	.....	.....	.....
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	+2.0	+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	.....	.....	.....
Technical adjustments for scoring differences with CBO: <sup>1</sup>										
Defense Category .....	N/A	N/A	+0.2	+0.0	.....	+0.0	+0.0	.....	.....	.....
Non-Defense Category .....	N/A	N/A	.....	.....	+0.2	.....	+0.6	.....	.....	.....
<b>Revised Limits Included in the 2018 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	634.0	700.9	647.0	630.0	644.0
Non-Defense Category .....	N/A	N/A	504.8	514.9	544.4	568.8	704.6	597.0	578.0	590.0

N/A = Not Applicable

<sup>1</sup>These adjustments are permitted under section 7 of Public Laws 113-76, 113-235, 114-113, and 115-31 and section 748 of division E of the CAA of 2018.

**Table 2. DISCRETIONARY SPENDING LIMITS**

(Budget authority in millions of dollars)

	2017	2018	2019	2020	2021
<b><u>DEFENSE (OR "REVISED SECURITY") CATEGORY</u></b>					
2018 Preview Report Spending Limit .....	634,005	549,057	616,000	630,000	644,000
No changes					
2018 Update Report Spending Limit .....	634,005	549,057	616,000	630,000	644,000
Defense Category changes for Joint Committee Enforcement pursuant to section 251A of BBEDCA .....			-53,858		
2019 Preview Report Spending Limit .....	634,005	549,057	562,142	630,000	644,000
Defense Category changes pursuant to section 30101(a) of Title I in Division C of the BBA of 2018 .....		+79,943	+84,858		
Adjustments for the 2018 Final Sequestration Report:					
Emergency Requirements .....		+5,856			
Overseas Contingency Operations/Global War on Terrorism .....		+66,079			
Technical allowance for estimating differences with CBO .....		+4			
Subtotal, Defense Category Adjustments .....		+71,939			
2018 Final Sequestration Report Spending Limit .....	634,005	700,939	647,000	630,000	644,000
<b><u>NON-DEFENSE (OR "REVISED NONSECURITY") CATEGORY</u></b>					
2018 Preview Report Spending Limit .....	553,553	515,749	566,000	578,000	590,000
No changes					
2018 Update Report Spending Limit .....	553,553	515,749	566,000	578,000	590,000
Non-Defense Category changes for Joint Committee Enforcement pursuant to section 251A of BBEDCA .....			-35,657		
2019 Preview Report Spending Limit .....	553,553	515,749	530,343	578,000	590,000
Non-Defense Category changes pursuant to section 30101(a) of Title I in Division C of the BBA of 2018 .....		+63,251	+66,657		
Adjustments for the 2018 Final Sequestration Report:					
Emergency Requirements .....	+15,250	+103,812			
Overseas Contingency Operations/Global War on Terrorism .....		+12,018			
Social Security Dedicated Program Integrity .....		+1,462			
Health Care Fraud and Abuse Control .....		+434			
Disaster Relief .....		+7,366			
Technical allowance for estimating differences with CBO .....		+554			
Subtotal, Non-Defense Category Adjustments .....	+15,250	+125,646			
2018 Final Sequestration Report Spending Limit .....	568,803	704,646	597,000	578,000	590,000
<b><u>TOTAL DISCRETIONARY FUNDING</u></b>					
2018 Preview Report, Total Discretionary Spending .....	1,187,558	1,064,806	1,182,000	1,208,000	1,234,000
2018 Update Report, Total Discretionary Spending .....	1,187,558	1,064,806	1,182,000	1,208,000	1,234,000
2019 Preview Report, Total Discretionary Spending .....	1,187,558	1,064,806	1,092,485	1,208,000	1,234,000
2018 Final Sequestration Report, Total Discretionary Spending .....	1,202,808	1,405,585	1,244,000	1,208,000	1,234,000

enacted, the following adjustments are now made to the 2017 and 2018 defense and non-defense base caps 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 funding 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. The detail below specifies each of the adjustments made for 2017 and 2018, respectively.

***Emergency Requirements.*** For 2017, a net total adjustment of \$15,250 million is made in Table 2 to the non-defense cap for appropriations that were provided as emergency requirements in division B of Public Law 115–56. This amount included appropriations for the Departments of Homeland Security and Housing and Urban Development and the Small Business Administration to support disaster response and assistance recovery efforts to Hurricane Harvey.

For 2018, further disaster and assistance recovery funding was needed to respond to Hurricanes Irma and Maria and California wildfires while continuing efforts to respond to Harvey. A total of \$104,981 million in emergency requirement appropriations were enacted for multiple agencies for these purposes as follows:

- \$103,812 in non-defense funding was provided in 2018, divided between \$20,517 million in division A of Public Law 115–72 and \$83,295 million in subdivision 1 of division B of Public Law 115–123; and
- \$1,169 million for defense was provided in subdivision 1 of division B of Public Law 115–123.

In addition, \$4,687 million in emergency requirement defense funding was provided for costs to repair damages to U.S. Navy ships and to support missile defeat and defense enhancements in division B of Public Law 115–96. This amount, along with the 2018 emergency appropriations listed above, lead to a combined defense adjustment of \$5,856 and a non-defense adjustment of \$103,812 million on Table 2 for emergency requirements.

The 2018 Department of State, Foreign Operations, and Related Programs Appropriations Act (division K of the CAA of 2018) in section 7058(d) repurposed \$145 million in emergency funds that were previously enacted for Ebola response and preparedness in 2015. The Congress re-designated these amounts as emergency, and the President subsequently concurred in the designation on March 23, 2018. However, this

amount is not a net addition in new funding, so no adjustment to the caps is displayed.

***OCO/GWOT.*** The CAA of 2018 provided a total of \$78,097 million (including rescissions) for OCO/GWOT purposes for 2018. The component amounts appropriated are as follows:

- \$65,167 million in defense funds provided in the 2018 Department of Defense Appropriations Act (division C of the CAA of 2018);
- \$163 million in defense funds provided in the 2018 Department of Homeland Security Appropriations Act (division F of the CAA of 2018);
- \$749 million in defense funds provided in the 2018 Military Construction, Veterans Affairs, and Related Agencies Appropriations Act (division J of the CAA of 2018); and
- \$12,018 million in non-defense funds provided in the 2018 Department of State, Foreign Operations, and Related Programs Appropriations Act (division K of the CAA of 2018).

The combined adjustments in 2018 for all of these amounts (for OCO/GWOT and emergency requirements) increases the defense category by \$71,935 million and the non-defense category by \$115,830 million.

The Congress designated as emergency requirements and as OCO/GWOT the amounts in the CAA of 2018, 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 March 23, 2018. For emergency amounts enacted for 2017 and 2018 prior to the CAA of 2018, the Congress included its designations in each of the appropriations Acts, while the President transmitted to the Congress his subsequent designations of those amounts on September 8, 2017, October 26, 2017, December 22, 2017, and February 9, 2018, respectively.<sup>4</sup>

***Social Security Dedicated Program Integrity.***—Section 251(b)(2)(B) of BBEDCA authorizes adjustment to the caps by the amounts appropriated for Continuing Disability Reviews (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 still qualify for benefits. Redeterminations are periodic reviews of non-medical factors of eligibility, such as income and resources, for the means-tested SSI program, and

<sup>4</sup> Presidential designations of emergency requirements and OCO/GWOT amounts can be found on OMB's website: <https://www.whitehouse.gov/omb/supplementals-amendments-and-releases/>.

generally result in a revision of the individual’s benefit level. SSA may also use cap adjustment funds for work CDRs, cooperative disability investigation units, and special attorneys for fraud prosecutions. 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 2018 Labor, HHS, and Education Appropriations Act in division H of the CAA of 2018 provided a base level of \$273 million and \$1,462 million as a cap adjustment for these purposes—the maximum allowable adjustment specified for 2018 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 2018 Labor, HHS, and Education Appropriations Act in division H of the CAA of 2018 provided a base level of \$311 million and \$434 million as a cap adjustment for these purposes—the maximum allowable adjustment specified for 2018 in BBEDCA. This adjustment is allocated entirely to the non-defense category.

**Disaster Relief 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. “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)). Prior to enactment of the CAA of 2018, BBEDCA set a limit (or “funding ceiling”) for the adjustment that was determined through a formula that added the total average funding provided for disaster relief over the previous 10 years (excluding the highest and lowest years) plus any portion of the ceiling for the previous year that was not appropriated (or “carryover”). 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 2018 (released on August 18, 2017) a preview estimate of \$7,366 million for the ceiling in 2018 based on the formula described above. The Congress provided an appropriation of \$7,366 million for 2018 – the full amount under the 2018 ceiling – for disaster relief activities for the Federal Emergency Management Agency’s

Disaster Relief Fund (DRF) in the 2018 Department of Homeland Security Appropriations Act (division F of the CAA of 2018). This amount is allocated to the non-defense category in Table 2.

Looking ahead to the 2019 disaster relief ceiling, section 102(a)(1) of division O of the CAA of 2018 alters the disaster formula in two respects that will ultimately increase the funding ceiling. First, beginning in 2019, it permits an adjustment of 5 percent of the funding provided since 2012 for Stafford-declared disasters that was also designated as an emergency requirement by the Congress and subsequently by the President pursuant to section 251(b)(2)(A)(i) of BBEDCA. Second, the formula allows the cumulative amount of any unused carryover in 2018 and in future years to be added to the ceiling. The previous formula had only permitted unused carryover in the preceding year to factor into the formula.

OMB is currently estimating the impact that these changes will have on the formula, particularly the 5 percent of emergency appropriations provided for Stafford-declared disasters. OMB is preparing a report for the Congressional Appropriations and Budget Committees pursuant to section 251(b)(2)(D)(ii) of BBEDCA, as amended by the CAA of 2018.

**Technical Allowance for Estimating Differences.**—This allowance, specified in section 748 of the 2018 FSGG Act, requires OMB to adjust the spending limit for either category in 2018 when new budget authority provided in an appropriations Act exceeds the 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 2018 Seven-Day-After Report for the CAA of 2018, OMB has estimating differences in 2018 with CBO of \$4 million for appropriations provided under the defense category and \$554 million for appropriations provided under the non-defense category, which would cause OMB estimates to exceed both caps. With the adjustments included above, OMB estimates that the adjusted defense and non-defense caps for 2018 total \$1,405,027 million, which permits a maximum technical adjustment for 2018 of \$2,810 million. Since the \$4 million defense and \$554 million non-defense overages - when combined - are within the maximum allowable technical adjustment for 2018, the defense cap is adjusted upward by \$4 million and the non-defense cap is adjusted upward by \$554 million in Table 2. These adjustments effectively eliminate any breach.

**New BBEDCA Cap Adjustments.**—The BBA of 2018 and the CAA of 2018 each created a new cap adjustment under section 251(b)(2) of BBEDCA. Section

30206(c) of title II of the BBA of 2018 created an adjustment for Reemployment Services and Eligibility Assessments (RESEA), while section 102(a)(3) of division O of the CAA of 2018 created an adjustment for wildfire suppression activities. Each adjustment is permitted up to a maximum amount specified in the law if the underlying appropriations bill first funds a base level for these activities. For RESEA, the base funding level should be \$117 million, while for wildfire suppression the base should be the average costs over ten years for such operations as requested in the President’s 2015 Budget for USDA Forest Service and for the Department of the Interior. The RESEA adjustment may begin in 2019, while the wildfire adjustment may begin in 2020. As neither adjustment is available for 2018, no appropriations Act provided these adjustments, and no adjustments are included in Table 2.

**Summary of current year (Fiscal Year 2017) 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 2017 discretionary appropriations, relative to the discretionary caps for 2017. The caps include all adjustments made to 2017 in the 2017 final sequestration report and in this final report for 2018. With these changes, the scoring for enacted budget authority for both categories for 2017, after accounting for emergency appropriations enacted for 2017 in division B of Public Law 115–56, remains within the adjusted cap levels.

**Table 3. STATUS OF 2017 DISCRETIONARY APPROPRIATIONS**

(Budget authority in millions of dollars)

	Budget Authority
<b>Defense Category</b>	
Adjusted discretionary spending limit .....	634,005
Total enacted appropriations .....	634,005
Spending over (+)/under (–) limit .....	.....
<b>Non-Defense Category</b>	
Adjusted discretionary spending limit .....	568,803
Total enacted appropriations .....	567,250
Spending over (+)/under (–) limit .....	–1,553
<b>Total Discretionary Spending—All Categories</b>	
Adjusted discretionary spending limits .....	1,202,808
Total enacted appropriations .....	1,201,255
Spending over (+)/under (–) limits .....	–1,553

**Summary of enacted budget year (Fiscal Year 2018) 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 2018 appropriations bills as measured against the 2018 caps. OMB estimates that discretionary appropriations are at the defense and non-defense caps. 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 caps. Table 5 compares OMB and CBO limits for fiscal years 2018 through 2021. For 2018 and 2019, both OMB and CBO include the defense and non-defense caps enacted in the BBA of 2018. Both OMB and CBO then make adjustments to the 2018 caps pursuant to section 251(b)(2) of BBEDCA based on their respective scoring estimates of enacted 2018 appropriations. CBO’s estimate of the defense cap is \$4 million lower than OMB’s estimate, and this difference is effectively attributable to the adjustment required by section 748 of the 2018 FSGG Act for technical differences with CBO.

For the non-defense cap, CBO’s estimate is \$15,417 million higher than OMB’s estimate, which is attributable to the following factors:

- OMB adjusts the cap by \$16,000 million less in emergency requirement funding than CBO due to a conceptual difference in scoring debt forgiveness for the National Flood Insurance Program in section 308 of division A of Public Law 115–72<sup>5</sup>;
- OMB adjusts the cap by \$29 million more in emergency requirement funding than CBO due to net estimating differences for sections 20101 of title I and 20804 in title VIII, subdivision 1, division B of Public Law 115–123<sup>6</sup>; and
- OMB adjusts the cap by \$554 million due to the adjustment required by section 748 of the 2018 FSGG Act for technical scoring differences with CBO.

<sup>5</sup> For more on this difference, please consult the OMB “Seven-Day-After Report” for the Additional Supplemental Appropriations for Disaster Relief Requirements Act, 2017 (Public Law 115–72).

<sup>6</sup> For more on this difference, please consult the OMB “Seven-Day-After Report” for the Further Additional Supplemental Appropriations for Disaster Relief Requirements Act, 2018 (Public Law 115–123).

**Table 4. SUMMARY OF 2018 APPROPRIATIONS ACTION<sup>1</sup>**

(Budget authority in millions of dollars)

	Budget Authority
<b><u>DEFENSE CATEGORY</u></b>	
Defense Appropriations:	
Commerce, Justice, Science, and Related Agencies .....	5,400
Defense .....	654,489
Energy and Water Development .....	21,800
Financial Services and General Government .....	31
Homeland Security .....	2,221
Military Construction and Veterans Affairs .....	10,842
Transportation and Housing and Urban Development .....	300
Department of Defense Missile Defeat and Defense Enhancements Appropriations Act .....	4,687
Further Additional Supplemental Appropriations for Disaster Relief Requirements Act .....	1,169
<b>Total, Defense Appropriations .....</b>	<b>700,939</b>
<b>Final Sequestration Report Defense Category Limit .....</b>	<b>700,939</b>
<b>CONGRESSIONAL ACTION OVER(+)/UNDER(-) LIMIT .....</b>	<b>.....</b>
<b><u>NON-DEFENSE CATEGORY</u></b>	
Non-Defense Appropriations:	
Agriculture and Rural Development .....	23,228
Commerce, Justice, Science, and Related Agencies .....	54,288
Defense .....	132
Energy and Water Development .....	21,320
Financial Services and General Government .....	23,404
Homeland Security .....	53,138
Interior and Environment .....	35,253
Labor, HHS, and Education .....	179,030
Legislative Branch .....	4,703
Military Construction and Veterans Affairs .....	81,876
State and Foreign Operations .....	53,631
Transportation and Housing and Urban Development .....	70,831
Additional Supplemental Appropriations for Disaster Relief Requirements Act .....	20,517
Further Additional Supplemental Appropriations for Disaster Relief Requirements Act .....	83,295
<b>Total, Non-Defense Appropriations .....</b>	<b>704,646</b>
<b>Final Sequestration Report Non-Defense Category Limit .....</b>	<b>704,646</b>
<b>CONGRESSIONAL ACTION OVER(+)/UNDER(-) LIMIT .....</b>	<b>.....</b>
<b><u>TOTAL DISCRETIONARY</u></b>	
<b>Total, Discretionary .....</b>	<b>1,405,585</b>
<b>Final Sequestration Report Total Category Limits .....</b>	<b>1,405,585</b>
<b>CONGRESSIONAL ACTION OVER(+)/UNDER(-) TOTAL OF LIMITS .....</b>	<b>.....</b>
<i>Memorandum: CURES appropriations<sup>2</sup></i>	
<i>Agriculture and Rural Development .....</i>	<i>60</i>
<i>Labor, HHS, and Education .....</i>	<i>996</i>

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

<sup>2</sup> The 21st Century CURES Act permitted funds to be appropriated for certain activities and not counted towards the discretionary caps so long as the appropriations were specifically provided for the authorized purposes. These amounts are displayed outside the discretionary totals for this reason.

For the 2020 and 2021 caps, CBO begins with the same levels as OMB. However, CBO includes approximate adjustments to account for the automatic enforcement procedures in section 251A of BBEDCA. As noted previously, OMB does not include 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 subsequent respective Budgets.

In addition to the different estimates of the 2018 caps, there are many differences between OMB’s

and CBO’s respective account-by-account scoring of enacted 2018 discretionary budget authority that is counted against the caps. Detailed explanations of the differences in enacted, full-year discretionary budget authority, including those which result in an adjustment to caps under section 748 of the 2018 FSGG Act, 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: <https://www.whitehouse.gov/omb/legislative/budget-enforcement-act-7-day-reports/>).

**Table 5. COMPARISON OF OMB AND CBO DISCRETIONARY SPENDING LIMITS**

(Budget authority in millions of dollars)

	2018	2019	2020	2021
<b>DEFENSE CATEGORY</b>				
CBO Final Report Limit .....	700,935	647,000	576,095	590,099
OMB Final Report Limit .....	700,939	647,000	630,000	644,000
Difference +/- .....	+4	.....	+53,905	+53,901
<b>NON-DEFENSE CATEGORY</b>				
CBO Final Report Limit .....	720,063	597,000	542,071	554,546
OMB Final Report Limit .....	704,646	597,000	578,000	590,000
Difference +/- .....	-15,417	.....	+35,929	+35,454
<b>TOTAL DISCRETIONARY</b>				
CBO Final Report, Total Discretionary .....	1,420,998	1,244,000	1,118,166	1,144,645
OMB Final Report, Total Discretionary .....	1,405,585	1,244,000	1,208,000	1,234,000
Difference +/- .....	-15,413	.....	+89,834	+89,355