



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

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MEMORANDUM FOR THE HEADS OF EXECUTIVE DEPARTMENTS AND AGENCIES

FROM: Office of Management and Budget

SUBJECT: Frequently Asked Questions Related to Fiscal Year 2024 Discretionary Spending Limits

On June 3, 2023, President Biden signed into law the Fiscal Responsibility Act (Public Law 118-5; FRA or the Act), which set discretionary spending limits for fiscal years (FYs) 2024 and 2025. The FRA has both discretionary spending limits that would be relevant with the passage of full-year appropriations bills (section 101) and interim discretionary spending limits that would be enforced after April 30, 2024 if full-year appropriations bills are not signed into law (section 102).

With the enactment of the Further Continuing Appropriations and Other Extension Act, 2024 (Public Law 118-22), four FY 2023 discretionary appropriations bills have been continued under a short-term CR through January 19, 2024, with an additional eight FY 2023 discretionary appropriations bills under a short-term CR through February 2, 2024. Accordingly, the spending levels in Section 102 would go into effect on January 1, 2024, until Congress and the President come to agreement on full-year discretionary appropriations. However, OMB will take no action on January 1, 2024, and no additional action should be taken by agencies to reduce impacted discretionary funding, even though a short-term CR will be in effect at that time. Under the FRA, spending limits would not be enforced until after full year appropriations are enacted, or April 30, whichever comes first.

Below are answers to frequently asked questions about the different discretionary spending limits imposed by the FRA and their impact on agencies. If you have any additional questions, please reach out to your Resource Management Office contact.

Frequently asked questions:

1. What does Section 101 of the FRA do in FY 2024?

Section 101 of the FRA sets separate discretionary spending limits for the defense and non-defense categories for FY 2024. See section 100.2 of Circular A-11 for definitions of defense and non-defense.

2. What does Section 102 of the FRA do in FY 2024?

Section 102 creates alternative interim discretionary spending limits by adjusting the discretionary spending limits in Section 101 in the event that any discretionary appropriation account is under a short-term CR as of January 1, 2024. Under this adjustment, the non-defense spending limit would be \$736 billion and the defense spending limit would be \$850 billion.

DISCRETIONARY SPENDING LIMITS UNDER THE FRA					
	Limits on Dec. 30, 2023 (Sec. 101)		Limits on Jan. 1, 2024 (Sec. 102)		Limits upon enactment of full year bills (Sec. 101)
Defense	886	↓	850	↑	886
Non-Defense	704	↑	736	↓	704
*Dollars in billions, reflecting rounded amounts, excluding all funding provided as an adjustment to the discretionary limits (i.e., emergency funding, among other types).					

3. What happens to the discretionary spending limits on January 1, 2024?

If the Further Continuing Appropriations and Other Extension Act, 2024 remains in effect on January 1, 2024, the discretionary spending limits in section 101 will switch to the alternative section 102 interim spending limits on that date.

4. What impact does the switch to the section 102 interim spending limits have on agencies on January 1, 2024?

The section 102 interim spending limits have no impact on the funding levels provided by the short-term CR. Agencies should continue to operate as they normally would and as directed by [OMB Bulletin 23-02, Apportionment of the Continuing Resolution\(s\) for Fiscal Year 2024](#), if applicable.

5. Will OMB issue a sequestration report to reduce discretionary spending on January 1, 2024?

No. A switch to the section 102 interim spending limits does not mean that OMB will order a sequestration to reduce funding available to agencies on January 1. Agencies should not attempt to self-sequester and must continue as normal unless OMB orders a sequestration. Note that the 1 percent that is often cited refers to the calculation OMB would use to determine the interim spending limits in section 102 of the FRA, not the amount of funding that would need to be sequestered. This percentage has yet to be determined (see #12 below).

6. What happens if any discretionary appropriation account remains under a short-term CR past April 30, 2024?

If any discretionary appropriation account remains on a short-term CR past April 30, OMB is required to issue a Final Sequestration Report that compares the annualized appropriation levels provided by all discretionary appropriations bills under current law as of April 30 against the section 102 interim spending limits. A breach of the section 102 spending limits would require OMB to order a sequestration to bring the current law discretionary appropriations in line with

those interim spending limits.

7. What happens if all full-year appropriations bills are enacted after January 1, 2024, or after April 30?

Once Congress completes the enactment of full-year appropriations, the interim spending limits will revert back to the section 101 levels, even if that occurs after April 30. At that time, OMB will determine whether or not the total discretionary funding in either the defense or non-defense category exceeds the section 101 discretionary spending limits and whether a sequestration is required. OMB is required to make this determination even if a Final Sequestration Report was already issued on April 30.

8. When will a sequestration order be issued?

OMB will determine whether or not a sequestration is required and, if required, the amount required to be sequestered, when OMB issues the Final Sequestration Report required by law. That report is due on the earlier of: 15 working days after all full-year discretionary appropriations bills are enacted, OR April 30.

Appropriations legislation enacted subsequent to the Final Sequestration Report may require an additional sequestration order if such legislation breaches the spending limits.

9. How much would need to be sequestered?

The amount by which total discretionary spending for defense or non-defense would exceed the discretionary spending limits depends on what is included in future legislation. Thus, the sequestration percentage is unknown at this time.

10. What funding is subject to sequestration?

All non-exempt discretionary funding, including emergency, disaster, and Bipartisan Infrastructure Law funding, would be subject to sequestration. See [section 100.6 of OMB Circular A-11](#) for more information.

11. How is the sequestration reduction percentage calculated?

The percentage is determined by the amount of the breach above one or both of the discretionary spending limits as a percentage of *all* non-exempt discretionary funding within the category causing the breach.

- The numerator:
 - Depends on the amount by which the spending limit is exceeded. For example, if the enacted appropriations levels are over the defense limit by \$10 billion and over the non-defense limit by \$30 billion, OMB would be required to reduce non-exempt discretionary funding by \$10 billion in defense and \$30 billion in non-defense. \$10 billion and \$30 billion are the respective numerators for determining the defense and non-defense sequestration percentages.

- The denominator (sequestrable resources):
 - Is determined by the rules established in sections 255 and 256 of the Balanced Budget and Emergency Deficit Control Act of 1985;
 - Includes *all* new FY 2024 discretionary funding, including appropriations that are not subject to the FRA's spending caps (such as emergency, disaster, program integrity) and advance appropriations provided in the Bipartisan Infrastructure Law and Bipartisan Safer Communities Act, unless the funding is otherwise exempt by the rules mentioned above;
 - Includes discretionary unobligated carryover balances in the defense category; and
 - Includes administrative expenses in otherwise exempt resources.
 - See [section 100.6 of OMB Circular A-11](#) for more information.