



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

March 4, 2019

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 2019*, 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 140 of the Continuing Appropriations Act, 2019 (division C of Public Law 115-245, as amended by Public Laws 115-298 and 116-5) delayed the report until 15 days after February 15, 2019, the expiration of the fiscal year 2019 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, OMB's scoring of the enacted 2019 discretionary appropriations bills compared to those 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 2019*.

Based on the estimates in this report, enacted appropriations are within the discretionary spending limits for 2019, and a sequestration of discretionary budget authority pursuant to section 251 of BBEDCA is not required.

Sincerely,

A handwritten signature in black ink, appearing to read "R. Vought".

Russell T. Vought  
Acting Director

Enclosure

Identical Letter Sent to The Honorable Michael R. Pence  
and The Honorable Nancy Pelosi

---

---

# **OMB Final Sequestration Report to the President and Congress for Fiscal Year 2019**

---

---



March 4, 2019

## TABLE OF CONTENTS

	<i>Page</i>
Transmittal Letter .....	iii
I. Introduction .....	1
II. Discretionary Final Sequestration Report.....	3

## LIST OF TABLES

	<i>Page</i>
Table 1. Overview of Changes to Discretionary Spending Limits .....	4
Table 2. Discretionary Spending Limits.....	5
Table 3. Status of 2018 Discretionary Appropriations .....	8
Table 4. Summary of 2019 Appropriations Action .....	9
Table 5. Comparison of OMB and CBO Discretionary Spending Limits.....	10

### 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.

# 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 140 of the Continuing Appropriations Act, 2019 (division C of Public Law 115–245, as amended by Public Laws 115–298 and 116–5) (“the CR”) delayed the release of this report until 15 days after February 15, 2019, to provide more time for the Congress to complete the appropriations Acts for 2019. This report updates the current law limits for adjustments included in enacted appropriations Acts since OMB last reported on the caps in its 2019 sequestration update report that was released on August 20, 2018.

The regular 12 appropriations Acts for 2019 were enacted in three tranches. The first three appropriations Acts were enacted when the President signed the Energy and Water, Legislative Branch, and Military Construction and Veterans Affairs

Appropriations Act, 2019 on September 21 2018 (divisions A, B, and C of Public Law 115–244). Two more appropriations Acts were enacted when the President signed the Department of Defense and Labor, Health and Human Services, and Education Appropriations Act, 2019 and Continuing Appropriations Act, 2019 on September 28, 2018 (divisions A and B of Public Law 115–245). The remaining seven appropriations Acts were enacted when the President signed the Consolidated Appropriations Act, 2019 (divisions A through G of Public Law 116–6) on February 15, 2019. In addition, the Congress provided emergency supplemental funding in the Supplemental Appropriations for Disaster Relief Act, 2018, which the President signed on October 5, 2018 (division I of Public Law 115–254). OMB completed its scoring estimates for each appropriations Act and transmitted its Seven-Day-After Reports detailing those estimates to the Congress shortly after enactment of each Act, in accordance with the requirements of section 251(a)(7) of BBEDCA.<sup>1</sup>

This final fiscal year 2019 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 2019 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 2019*. As required by BBEDCA, OMB’s scoring for 2019 estimates relies on the same economic and technical assumptions used in the 2019 Budget, as adjusted by the *Addendum to the President’s FY19 Budget to Account for the Bipartisan Budget Act of 2018*<sup>2</sup> (the “Addendum”). This report covers appropriations legislation enacted through February 25, 2019, and indicates that no sequestration of discretionary budget authority is required.

---

1 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/>.

2 The Addendum was released with the 2019 Budget on February 12, 2018 and is available on the OMB website: <https://www.whitehouse.gov/omb/budget/>. The detailed amendments to the 2019 Budget to reflect the Addendum and other changes or corrections were transmitted to the Congress on April 13, 2018. The amendments are also available on the OMB website: <https://www.whitehouse.gov/omb/supplementals-amendments-and-releases/>.

## 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>3</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 2019. As BBEDCA requires, the estimates rely on the same economic and technical assumptions used in the President’s 2019 Budget, as modified by the Addendum.

Section 251A of BBEDCA requires an annual reduction in the caps as part of the Joint Committee reductions. In OMB’s 2018 and 2019 preview reports<sup>4</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 were 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 were 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, already including the changes to 2018 and 2019 required by section 30101(a) of title I, division C of the BBA of 2018. The 2018 limits also reflect adjustments to the caps from 2018 appropriations Acts that were made in OMB’s 2018 final sequestration report. Table 2 also lists the adjustments from enacted 2019 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 2019. 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 747 of the Financial Services and General Government Appropriations Act, 2019 (division D of Public Law 116–6) (the “2019 FSGG Act”) requires an adjustment for OMB estimating differences with CBO for 2019 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 2019 enacted, the following adjustments are now made to the 2019 defense and non-defense 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

<sup>3</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).

<sup>4</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	+69.0	...	...
Non-Defense Category .....	N/A	N/A	+6.5	+9.3	+14.9	+20.8	+12.0	+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	...	...	...
Non-Defense Category .....	N/A	N/A	...	+5.3	+1.7	+19.4	+103.8	+1.7	...	...
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	...	...
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	...	...
Technical adjustments for scoring differences with CBO: <sup>1</sup>										
Defense Category .....	N/A	N/A	+0.2	+0.0	...	+0.0	+0.0	+0.0	...	...
Non-Defense Category .....	N/A	N/A	...	...	+0.2	...	+0.6	...	...	...
<b>Revised Limits Included in the 2019 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	716.0	630.0	644.0
Non-Defense Category .....	N/A	N/A	504.8	514.9	544.4	568.8	704.6	620.6	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, section 748 of division E of Public Law 115-141, and section 747 of division D of Public Law 116-6.

**Table 2. DISCRETIONARY SPENDING LIMITS**

(Budget authority in millions of dollars)

	2018	2019	2020	2021
<b>DEFENSE (OR "REVISED SECURITY") CATEGORY</b>				
2018 Final Sequestration Report Spending Limit .....	700,939	647,000	630,000	644,000
No changes				
2019 Update Report Spending Limit .....	700,939	647,000	630,000	644,000
Adjustments for the 2019 Final Sequestration Report:				
Overseas Contingency Operations/Global War on Terrorism .....	....	+69,001	....	....
Technical allowance for estimating differences with CBO .....	....	+3	....	....
Subtotal, Defense Category Adjustments .....	....	+69,004	....	....
2019 Final Sequestration Report Spending Limit .....	700,939	716,004	630,000	644,000
<b>NON-DEFENSE (OR "REVISED NONSECURITY") CATEGORY</b>				
2018 Final Sequestration Report Spending Limit .....	704,646	597,000	578,000	590,000
No changes				
2019 Update Report Spending Limit .....	704,646	597,000	578,000	590,000
Adjustments for the 2019 Final Sequestration Report:				
Emergency Requirements .....	....	+1,680	....	....
Overseas Contingency Operations/Global War on Terrorism .....	....	+7,999	....	....
Social Security Dedicated Program Integrity .....	....	+1,410	....	....
Health Care Fraud and Abuse Control .....	....	+454	....	....
Disaster Relief .....	....	+12,000	....	....
Reemployment Services and Eligibility Assessments .....	....	+33	....	....
Subtotal, Non-Defense Category Adjustments .....	....	+23,576	....	....
2019 Final Sequestration Report Spending Limit .....	704,646	620,576	578,000	590,000
<b>TOTAL DISCRETIONARY FUNDING</b>				
2018 Final Sequestration Report, Total Discretionary Spending .....	1,405,585	1,244,000	1,208,000	1,234,000
2019 Update Report, Total Discretionary Spending .....	1,405,585	1,244,000	1,208,000	1,234,000
2019 Final Sequestration Report, Total Discretionary Spending .....	1,405,585	1,336,580	1,208,000	1,234,000

N/A = Not Applicable

an account-by-account basis and that the President subsequently so designates. The detail below specifies each of the adjustments made for 2019.

**Emergency Requirements.** For 2019, a total adjustment of \$1,680 million is made in Table 2 to the non-defense cap for an emergency requirement appropriation provided in the Supplemental Appropriations for Disaster Relief Act, 2018 (division I of the FAA Reauthorization Act of 2018; Public Law 115-254). This appropriation for the Department of Housing and Urban Development is to support disaster response and recovery efforts. The 2019 Department of State, Foreign Operations, and Related Programs Appropriations Act (division F of Public Law 116-6) in section 7058(d) repurposed \$40 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 February 15, 2019. However, this amount is not a net addition in new funding, so no adjustment to the caps is displayed.

**OCO/GWOT.** Final 2019 appropriations provided a total of \$77,000 million (including rescissions) for OCO/GWOT purposes for 2019. The component amounts appropriated are as follows:

- \$67,915 million in defense funds provided in the 2019 Department of Defense Appropriations Act (division A of Public Law 115-245);
- \$921 million in defense funds provided in the 2019 Military Construction, Veterans Affairs,

and Related Agencies Appropriations Act (division C of Public Law 115–244);

- \$165 million in defense funds provided in the 2019 Department of Homeland Security Appropriations Act (division A of Public Law 115–6); and
- \$7,999 million in non-defense funds provided in the 2019 Department of State, Foreign Operations, and Related Programs Appropriations Act (division F of Public Law 116–6).

The combined adjustments in 2019 for all of these amounts (for OCO/GWOT and emergency requirements) increases the defense category by \$69,001 million and the non-defense category by \$9,679 million.

The Congress designated as emergency requirements and as OCO/GWOT certain amounts in Public Laws 115–244, 115–245, 115–254, and 116–6, and the President transmitted to the Congress his separate designations of these amounts as emergency requirements or as OCO/GWOT activities, as appropriate, on September 21, 2018, September 28, 2018, October 5, 2018, and February 15, 2019.<sup>5</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 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 2019 Labor, HHS, and Education Appropriations Act in division B of Public Law 115–245 provided a base level of \$273 million and \$1,410 million as a cap adjustment for these purposes—the maximum allowable adjustment specified for 2019 in BBEDCA. This adjustment is allocated entirely to the non-defense category in Table 2.

**Health Care Fraud and Abuse Control (HCFAC).**—Section 251(b)(2)(C) of BBEDCA autho-

rizes 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 2019 Labor, HHS, and Education Appropriations Act in division B of Public Law 115–245 provided a base level of \$311 million and \$454 million as a cap adjustment for these purposes—the maximum allowable adjustment specified for 2019 in BBEDCA. This adjustment is allocated entirely to the non-defense category in Table 2.

**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 Consolidated Appropriations Act of 2018 (Public Law 115–141), 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”). If the carryover from one year was not used in the subsequent year, it would not carry forward for a second year. This led to a precipitous decline in the funding ceiling as higher disaster funding years began to fall out of the 10-year average formula.

Division O of Public Law 115–141 amended BBEDCA to stabilize the disaster formula by redefining the calculation beginning in fiscal year 2019. Under the new calculation, the funding ceiling is determined by adding three pieces: 1) the same 10-year average as calculated under the previous formula; 2) a portion of discretionary amounts appropriated to address Stafford Act disasters that were designated as emergency requirements pursuant to BBEDCA; and 3) the cumulative net carryover from 2018 and all subsequent fiscal years. On April 23, 2018, OMB released the *OMB Report on Disaster Relief Funding to the Committees on Appropriations and the Budget of the U.S. House of Representatives and the Senate, 2018*<sup>6</sup>, which specified the methodology and criteria OMB is using for estimating the emergency appropriations for Stafford Act disasters that will apply in the new formula under step 2.

<sup>5</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/>.

<sup>6</sup> The report is available on the OMB website: <https://www.whitehouse.gov/omb/legislative/omb-reports/>.



Section 254(e) of the BBEDCA 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 *OMB Sequestration Update Report to the President and Congress for Fiscal Year 2019*<sup>7</sup> (released on August 20, 2018) a calculation of the new disaster relief ceiling that took into account the new formula and applied the methodology for estimating emergency requirements that were provided for Stafford Act disasters. The update report calculated a preview estimate of \$14,965 million for the ceiling in 2019. The Congress provided an appropriation of \$12,000 million for 2019 for disaster relief activities for the Federal Emergency Management Agency's Disaster Relief Fund (DRF) in the 2019 Department of Homeland Security Appropriations Act (division A of Public Law 116-6). This amount is allocated to the non-defense category in Table 2.

The amount enacted for disaster relief in 2019 is currently \$2,965 million below the preview ceiling estimate of \$14,965 million. Under the new formula, this carryover will be applied to the 2020 ceiling if no further 2019 appropriations are enacted as disaster relief beforehand. The 2020 ceiling is currently estimated to be \$17,289 million based on the following three components: the 10-year average including enacted 2019 appropriations (\$7,944 million); 5 percent of Stafford Act emergencies since 2012 (\$6,380 million)<sup>8</sup>; and carryover from the previous year (\$2,965 million). Any revisions necessary to account for further changes in 2019 appropriations levels will be included in the 2020 sequestration update report, which is expected to be released in August of 2019.

**Reemployment Services and Eligibility Assessments.**— Section 30206(c) of title II of the BBA of 2018 created a new cap adjustment for program integrity efforts under section 251(b)(2)(E) of BBEDCA for Reemployment Services and Eligibility Assessments (RESEA). Similar to the SSA dedicated program integrity and HCFAC cap adjustments, the RESEA adjustment is permitted up to a maximum amount specified in BBEDCA if the underlying appropriations bill first funds a base level of \$117 million for these activities. The RESEA adjustment is first available in 2019 and the 2019 Labor, HHS, and Education Appropriations Act in division B of Public Law 115-245 provided a base level of \$117 million and

\$33 million as a cap adjustment for these purposes—the maximum allowable adjustment specified for 2019 in BBEDCA. This adjustment is allocated entirely to the non-defense category in Table 2.

**Wildfire Suppression Cap Adjustment.**— Division O of Public Law 115-141, the Stephen Sepp Wildfire Suppression Funding and Forest Management Activities Act, created a new adjustment under section 251(b)(2)(F) of BBEDCA for wildfire suppression activities. This 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 that is defined as the average costs over ten years for wildfire suppression operations as requested in the President's 2015 Budget for USDA Forest Service and for the Department of the Interior. However, this adjustment is not available for use until 2020; therefore, no 2019 appropriations Act provided this adjustment and no adjustment is included in Table 2.

**Technical Allowance for Estimating Differences.**—This allowance, specified in section 747 of the 2019 FSGG Act, requires OMB to adjust the spending limit for either category in 2019 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 2019 Seven-Day-After Reports for enacted 2019 appropriations, OMB has estimating differences in 2019 with CBO of \$3 million for appropriations provided under the defense category, which would cause OMB estimates to exceed the defense cap. With the adjustments included above, OMB estimates that the adjusted defense and non-defense caps for 2019 total \$1,336,577 million, which permits a maximum technical adjustment for 2019 of \$2,673 million. Since the \$3 million defense overage is within the maximum allowable technical adjustment for 2019, the defense cap is adjusted upward by \$3 million in Table 2. This adjustment effectively eliminates any breach.

#### Summary of current year (Fiscal Year 2018) 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 2018 discretionary appropriations, relative to the discretionary caps for 2018. The caps include all adjustments made to 2018 in the 2018 final sequestration report. The scoring for enacted budget authority for both the defense and non-defense categories for 2018 remain at the adjusted cap levels.

7 The report is available on the OMB website: <https://www.whitehouse.gov/omb/legislative/sequestration-reports-orders/>.

8 This estimate of Stafford Act emergencies includes amounts calculated in OMB's 2019 Sequestration Update Report plus an additional amount for the emergency requirement enacted in the Supplemental Appropriations for Disaster Relief Act, 2018 (division I of the FAA Reauthorization Act of 2018; Public Law 115-254).

**Table 3. STATUS OF 2018 DISCRETIONARY APPROPRIATIONS**

(Budget authority in millions of dollars)

	Budget Authority
<b>Defense Category</b>	
Adjusted discretionary spending limit .....	700,939
Total enacted appropriations .....	700,939
Spending over (+)/under (-) limit .....	.....
<b>Non-Defense Category</b>	
Adjusted discretionary spending limit .....	704,646
Total enacted appropriations .....	704,646
Spending over (+)/under (-) limit .....	.....
<b>Total Discretionary Spending—All Categories</b>	
Adjusted discretionary spending limits .....	1,405,585
Total enacted appropriations .....	1,405,585
Spending over (+)/under (-) limits .....	.....

**Summary of enacted budget year (Fiscal Year 2019) 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 2019 appropriations Acts as measured against the 2019 caps. OMB estimates that discretionary appropriations are at the defense cap and \$845 million below the non-defense cap. As a result, OMB estimates that sequestration will not be required for either of the discretionary categories.

However, it should be noted that a breach could still occur if additional appropriations for 2019 are enacted in excess of the caps before the end of September without the offsets necessary to eliminate the breach or without modifying the existing caps. If a breach occurred late in the fiscal year (after June 30), the caps for the following budget year (2020) would be reduced by the amount of the excess.

**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 2019 through 2021. For 2019, both OMB and CBO begin with the defense and non-defense caps enacted in the BBA of 2018. Both OMB and CBO then make adjustments to the 2019 caps pursuant to section 251(b)(2) of BBEDCA based on their respective scoring estimates of enacted 2019 appropriations. CBO’s estimate of the defense cap is \$4 million lower than OMB’s estimate, and this difference is attributable to the adjustment required by section 747 of the 2019 FSGG Act for technical differences with CBO and for rounding of OCO appropriations in the 2019 Defense appropriations Act (division A of Public Law 115–245).

For the non-defense cap, CBO’s estimate is \$1 million higher than OMB’s estimate, which is also attributable to rounding of OCO appropriations in the 2019 Department of State, Foreign Operations, and Related Programs Appropriations Act (division F of Public Law 116–6).

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 2019 caps, there are many differences between OMB’s and CBO’s respective account-by-account scoring of enacted 2019 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 747 of the 2019 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 4. SUMMARY OF 2019 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 .....	5,499
Defense .....	674,257
Energy and Water Development .....	22,440
Financial Services and General Government .....	31
Homeland Security .....	2,222
Military Construction and Veterans Affairs .....	11,255
Transportation and Housing and Urban Development .....	300
<b>Total, Defense Appropriations .....</b>	<b>716,004</b>
<b>Final Sequestration Report Defense Category Limit .....</b>	<b>716,004</b>
<b>CONGRESSIONAL ACTION OVER(+)/UNDER(-) LIMIT .....</b>	<b>.....</b>
<b><u>NON-DEFENSE CATEGORY</u></b>	
Non-Defense Appropriations:	
Agriculture and Rural Development .....	23,036
Commerce, Justice, Science, and Related Agencies .....	58,683
Defense .....	129
Energy and Water Development .....	22,088
Financial Services and General Government .....	23,405
Homeland Security .....	59,486
Interior and Environment .....	35,532
Labor, HHS, and Education .....	180,052
Legislative Branch .....	4,844
Military Construction and Veterans Affairs .....	86,804
State and Foreign Operations .....	53,692
Transportation and Housing and Urban Development .....	70,300
Supplemental Appropriations for Disaster Relief Act, 2018 .....	1,680
<b>Total, Non-Defense Appropriations .....</b>	<b>619,731</b>
<b>Final Sequestration Report Non-Defense Category Limit .....</b>	<b>620,576</b>
<b>CONGRESSIONAL ACTION OVER(+)/UNDER(-) LIMIT .....</b>	<b>-845</b>
<b><u>TOTAL DISCRETIONARY</u></b>	
<b>Total, Discretionary .....</b>	<b>1,335,735</b>
<b>Final Sequestration Report Total Category Limits .....</b>	<b>1,336,580</b>
<b>CONGRESSIONAL ACTION OVER(+)/UNDER(-) TOTAL OF LIMITS .....</b>	<b>-845</b>
<i>Memorandum: CURES appropriations<sup>2</sup></i>	
<i>Agriculture and Rural Development .....</i>	<i>70</i>
<i>Labor, HHS, and Education .....</i>	<i>711</i>

<sup>1</sup> OMB scoring includes funds provided in each 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 21<sup>st</sup> 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.

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

(Budget authority in millions of dollars)

	2019	2020	2021
<b><u>DEFENSE CATEGORY</u></b>			
CBO Final Report Limit .....	716,000	576,156	590,160
OMB Final Report Limit .....	716,004	630,000	644,000
Difference +/- .....	+4	+53,844	+53,840
<b><u>NON-DEFENSE CATEGORY</u></b>			
CBO Final Report Limit .....	620,577	542,096	554,559
OMB Final Report Limit .....	620,576	578,000	590,000
Difference +/- .....	-1	+35,904	+35,441
<b><u>TOTAL DISCRETIONARY</u></b>			
CBO Final Report, Total Discretionary .....	1,336,577	1,118,252	1,144,719
OMB Final Report, Total Discretionary .....	1,336,580	1,208,000	1,234,000
Difference +/- .....	+3	+89,748	+89,281

N/A = Not Applicable