



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

May 8, 2012

H.R. 4966 **Sequester Replacement Act of 2012**

As ordered reported by the House Committee on the Budget on May 7, 2012

H.R. 4966 would eliminate certain automatic spending reductions scheduled to take effect in January 2013, as well as reduce the overall limit on discretionary budget authority for fiscal year 2013. Because the provisions of the bill are contingent on enactment of reconciliation legislation as specified in section 201 of H. Con. Res. 112, the budget resolution for fiscal year 2013 as passed by the House, CBO estimates that enacting H.R. 4966, by itself, would have no impact on the federal budget.

However, if the contingency in H.R. 4966 is met, CBO estimates that enacting the bill would increase direct spending by about \$72 billion over the 2013-2022 period, relative to the current baseline projections that assume automatic spending reductions under the Budget Control Act of 2011 go into effect as currently scheduled. That total reflects the cost of avoiding sequestration (cancellation of budgetary resources) from unobligated balances for defense programs and from advance appropriations for 2013 for nondefense programs other than those under the Department of Veterans Affairs. At this point in time, no other appropriations have been provided for fiscal year 2013. If additional discretionary appropriations are enacted for 2013, more resources would be available to be sequestered, and reversing the specified automatic reductions would result in an increase of up to \$97 billion in direct spending over the 2013-2022 period, CBO estimates (instead of the \$72 billion figure cited above).

Those estimates reflect the proposed elimination of the scheduled January 2013 reductions under the Budget Control Act in spending for discretionary programs and in mandatory defense spending. Under H.R. 4966, the scheduled reductions in mandatory nondefense spending would remain in effect.

H.R. 4966 would also remove the separate limits on defense and nondefense discretionary budget authority for 2013. Furthermore, the act would specify a cap on total discretionary budget authority that is \$19.1 billion lower than the total funding level of \$1,047 billion that could be provided under current law; however, because any effect of that adjustment

would be subject to future appropriation actions, there would be no impact on direct spending from that change in the cap on 2013 funding.

H.R. 4966 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act.

The CBO staff contact for this estimate is Avi Lerner. The estimate was approved by Theresa Gullo, Deputy Assistant Director for Budget Analysis.