



December 20, 2012

Honorable David Dreier
Chairman
Committee on Rules
U.S. House of Representatives
Washington, DC 20515

Dear Mr. Chairman:

The Congressional Budget Office (CBO) has reviewed H.R. 6684, the Spending Reduction Act of 2012, as posted on the Web site of the House Committee on Rules on December 19, 2012. The enclosed table shows estimates of the legislation's effects on direct spending and revenues, assuming enactment around January 1, 2013.

Assuming enactment around January 1, 2013, CBO and the staff of the Joint Committee on Taxation estimate that enacting H.R. 6684 would yield net deficit reduction of \$217.7 billion over the 2013-2022 period. That figure reflects changes in direct spending and revenues from provisions that would yield gross estimated budgetary savings of \$314.5 billion through 2022, partially offset by a cost of \$96.8 billion through 2022 for the sequester replacement provisions in title VII of the legislation.

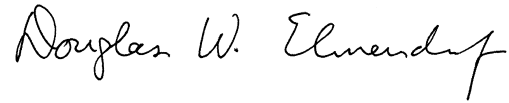
Further, the legislation would specify a cap on total discretionary budget authority for 2013 that is \$19.1 billion lower than the total funding level of \$1,047 billion that could be provided under current law. However, because any effect of that adjustment would be subject to future appropriation actions, there would be no impact on direct spending from that change in the cap on 2013 funding.

The legislation posted by the Rules Committee is a modified version of legislation passed by the House on May 10, 2012, as H.R. 5652, the Sequester Replacement Reconciliation Act of 2012. (CBO provided an [estimate](#) of the effects of that legislation on May 9, 2012.)

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If you wish further details on this estimate, we will be pleased to provide them.

Sincerely,

A handwritten signature in black ink that reads "Douglas W. Elmendorf". The signature is written in a cursive, flowing style.

Douglas W. Elmendorf
Director

Enclosure

cc: Honorable Louise Slaughter
Ranking Minority Member

Honorable Paul Ryan
Chairman
Committee on the Budget

Honorable Chris Van Hollen
Ranking Member

Estimate of the Budgetary Effects of H.R. 6684, the Spending Reduction Act of 2012, as Posted on the Web Site of the House Committee on Rules on December 19, 2012

(Millions of dollars, by fiscal year)

12/20/2012

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2013- 2017	2013- 2022
CHANGES IN DIRECT SPENDING (Outlays)												
Title I - Agriculture	-4,308	-3,301	-3,104	-3,127	-3,091	-3,061	-3,063	-3,075	-3,093	-3,096	-16,930	-32,318
Title II - Energy and Commerce	-1,597	-5,432	-8,441	-8,412	-4,452	-3,107	-3,326	-2,514	-2,755	-7,236	-28,334	-47,271
Title III - Financial Services	-1,330	-3,066	-3,231	-4,269	-4,985	-4,218	-3,776	-3,775	-4,010	-4,196	-16,881	-36,855
Title IV - Judiciary	-101	-660	-2,206	-3,741	-4,734	-5,078	-5,398	-5,812	-6,145	-6,590	-11,442	-40,465
Title V - Oversight and Government Reform	176	309	431	533	615	588	561	533	508	480	2,064	4,733
Title VI - Ways and Means	-1,020	-3,493	-4,973	-6,285	-7,284	-7,796	-8,082	-8,332	-8,664	-8,917	-23,056	-64,847
Title VII - Sequester Replacement Interactions^a	55,827	26,030	9,679	3,320	1,973	0	0	0	0	0	96,829	96,829
	0	142	247	231	74	13	14	15	16	16	693	767
Total Changes in Direct Spending	47,647	10,529	-11,599	-21,750	-21,883	-22,659	-23,069	-22,960	-24,144	-29,538	2,944	-119,426
CHANGES IN REVENUES^b												
Title II - Energy and Commerce	-32	-253	-1,367	-144	272	0	23	14	0	0	-1,524	-1,487
Title III - Financial Services	-92	-353	-569	-804	-1,051	-1,277	-1,503	-1,714	-1,875	-2,011	-2,869	-11,249
Title IV - Judiciary	8	87	336	614	942	1,051	1,090	1,152	1,214	1,278	1,987	7,772
Title V - Oversight and Government Reform	2,433	4,510	6,625	8,633	10,514	10,671	10,849	11,009	11,212	11,350	32,716	87,806
Title VI - Ways and Means	0	248	806	1,369	1,846	2,112	2,245	2,328	2,337	2,445	4,268	15,735
Interactions^a	0	-38	-100	-105	-56	-5	-6	-6	-6	-6	-298	-327
Total Changes in Revenues	2,317	4,201	5,732	9,563	12,467	12,552	12,698	12,783	12,882	13,056	34,280	98,250
NET INCREASE OR DECREASE (-) IN DEFICITS FROM REVENUES AND DIRECT SPENDING												
Net Changes in Deficits	45,330	6,328	-17,330	-31,313	-34,350	-35,211	-35,767	-35,743	-37,026	-42,594	-31,335	-217,676
<i>On-budget deficit change</i>	45,497	6,400	-17,535	-31,025	-33,626	-34,448	-35,019	-35,019	-36,320	-41,905	-30,288	-213,000
<i>Off-budget deficit change^c</i>	-167	-72	204	-288	-724	-763	-748	-725	-706	-688	-1,047	-4,677
Memorandum:												
Adjustment to cap on discretionary appropriations for 2013 (Title VII)												
Estimated Authorization Level	-19,104	0	0	0	0	0	0	0	0	0	-19,104	-19,104
Estimated Outlays	-5,529	-8,063	-3,404	-1,193	-535	-212	0	0	0	0	-18,724	-18,936

Sources: Congressional Budget Office and the staff of the Joint Committee on Taxation.

Notes: Components may not sum to totals because of rounding.

Estimates assume enactment around January 1, 2013, and are relative to CBO's March 2012 baseline.

- a. There are interactions between the medical malpractice provisions in title IV and the healthcare provisions in titles II and VI.
- b. Negative numbers denote a reduction in revenues and positive numbers denote an increase in revenues.
- c. Title V includes off-budget direct spending; titles II, IV, V, and VI include both on- and off-budget revenues.