



Sequestration Update Report: August 2024

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By August 15 each year, the Congressional Budget Office is required to report estimates of the limits (often called caps) on discretionary budget authority for the current and upcoming fiscal year.¹ The current caps were established by the Fiscal Responsibility Act of 2023 (FRA; Public Law 118-5). The requirement to publish this report originates in section 254 of the Balanced Budget and Emergency Deficit Control Act of 1985 (P.L. 99-177), which also requires CBO to report whether, according to its estimates, enacted legislation for the current fiscal year has exceeded those caps and thus would trigger a cancellation of budgetary resources, called a sequestration.²

In CBO's estimation, a sequestration will not be required for 2024. However, the authority to make that determination—and, if so, how to cut budgetary resources—rests with the Office of Management and Budget (OMB), which reported in April that appropriations for 2024 had not exceeded the caps.³

Although additional appropriations totaling an estimated \$95.3 billion have been made since April, they were designated as emergency requirements, one of the categories

of funding that cannot breach a cap. By law, the caps are adjusted upward when an appropriation is provided as an emergency requirement. The caps also can be raised to accommodate budget authority provided for some types of disaster relief, wildfire suppression, or certain program integrity initiatives.⁴

Limits on Discretionary Budget Authority for 2024

For 2024 and 2025, the FRA reinstated caps on discretionary funding as they were defined in the Budget Control Act of 2011 (P.L. 112-25). That law established caps on funding for defense and nondefense programs (referred to in the law as *revised security* and *revised nonsecurity*, respectively). Because the Consolidated Appropriations Act, 2024 (P.L. 118-42), and the Further Consolidated Appropriations Act, 2024 (P.L. 118-47), provided full-year appropriations for 2024, the limits on discretionary funding for 2024 as specified by section 101(a) of the FRA are in effect.⁵ Those limits total \$1,590 billion—\$886.3 billion for defense and \$703.7 billion for nondefense programs (see Table 1).

1. Budget authority is the authority provided by law to incur financial obligations that will result in immediate or future outlays of federal funds. Discretionary budget authority is provided and controlled by appropriation acts.
2. Budgetary resources for 2024 include discretionary funding provided in appropriation acts for that year and other discretionary spending authority, such as from collections and balances of unobligated funding from prior fiscal years. For more information, see Congressional Budget Office, *Glossary* (July 2016), www.cbo.gov/publication/42904.
3. Office of Management and Budget, *OMB Final Sequestration Report to the President and Congress for Fiscal Year 2024* (April 2024), <https://tinyurl.com/3kh4ysdp>.

4. Program integrity initiatives seek to identify and reduce overpayments in benefit programs, such as Disability Insurance, Supplemental Security Income, Medicare, Medicaid, unemployment compensation, and the Children's Health Insurance Program.
5. For more information on the FRA's caps, see Congressional Budget Office, letter to the Honorable Jodey Arrington and the Honorable Brendan F. Boyle concerning an update about implementing the statutory limits on discretionary funding for fiscal year 2024 (March 13, 2024), www.cbo.gov/publication/60081, and letter to the Honorable Jodey Arrington and the Honorable Brendan F. Boyle regarding implementing the statutory limits on discretionary funding for fiscal year 2024 (January 4, 2024), www.cbo.gov/publication/59861.

Table 1.

Limits on Discretionary Budget Authority for Fiscal Year 2024

Millions of dollars

	Defense ^a	Nondefense ^a	Total
Caps established by section 101 of the FRA	886,349	703,651	1,590,000
Adjustments			
Emergency requirements ^b	67,492	56,337	123,829
Disaster relief ^c	0	20,404	20,404
Wildfire suppression ^d	0	2,650	2,650
Program integrity initiatives ^e	0	2,447	2,447
Total adjustments	67,492	81,838	149,330
Adjusted caps for 2024	953,841	785,489	1,739,330
Appropriations for 2024	953,841	785,489	1,739,330
Addendum:			
Discretionary funding not subject to the caps			
Funding referenced in section 103 of the FRA ^f	20	70,963	70,983
21st Century Cures Act ^g	0	457	457
Harbor Maintenance Trust Fund ^h	0	2,829	2,829

Data source: Congressional Budget Office. See www.cbo.gov/publication/60382#data.

FRA = Fiscal Responsibility Act of 2023.

- a. Defense funding (in the law, *revised security*) consists of appropriations designated for budget function 050; all other discretionary appropriations are for nondefense (*revised nonsecurity*) activities.
- b. Funding designated for emergency requirements in keeping with section 251(b)(2)(A)(i) of the Balanced Budget and Emergency Deficit Control Act of 1985.
- c. Funding designated under section 251(b)(2)(D) of the Deficit Control Act for activities carried out in keeping with section 102(2) of the Robert T. Stafford Disaster Relief and Emergency Assistance Act, as amended. Such activities may result from a natural disaster that causes damage of sufficient severity to warrant federal assistance.
- d. Funding designated under section 251(b)(2)(F) of the Deficit Control Act for activities related to wildland fire suppression.
- e. Funding designated under sections 251(b)(2)(B), 251(b)(2)(C), and 251(b)(2)(E) of the Deficit Control Act for program integrity initiatives that seek to identify and reduce overpayments in certain benefit programs, such as Disability Insurance, Supplemental Security Income, Medicare, Medicaid, unemployment compensation, and the Children's Health Insurance Program.
- f. In keeping with section 103 of the FRA, certain appropriations for fiscal year 2024 that were enacted before the FRA are excluded from calculations of caps governed by section 251 of the Deficit Control Act. Those appropriations stem from division J of the Infrastructure Investment and Jobs Act, division B of the Bipartisan Safer Communities Act, section 443 of division G of the Consolidated Appropriations Act, 2023, and section 122 of division A of the Continuing Appropriations and Ukraine Supplemental Appropriations Act, 2023.
- g. In keeping with the 21st Century Cures Act, certain funding for the Department of Health and Human Services is excluded from estimates for the purposes of the Deficit Control Act.
- h. In keeping with section 14003 of the Coronavirus Aid, Relief, and Economic Security Act, as modified by section 101 of division AA of the Consolidated Appropriations Act, 2021, certain funding provided to the Army Corps of Engineers is excluded from estimates for the purposes of the Deficit Control Act.

As specified in law, the caps are adjusted to accommodate certain types of funding.⁶ CBO estimates that the adjustments to the caps for 2024 amount to \$149.3 billion. Those adjustments include \$67.5 billion for defense (entirely for emergency requirements) and \$81.8 billion

for nondefense (\$56.3 billion for emergency requirements, \$20.4 billion for disaster relief, \$2.7 billion for wildfire suppression, and \$2.4 billion for program integrity initiatives).⁷

6. Section 103 of the FRA excludes from the statutory caps nearly \$71 billion in advance appropriations provided for 2024 that were enacted before the FRA became law. Those amounts, which the Congress designated as emergency requirements for the purposes of the Congressional Budget Act of 1974 (P.L. 93-344), stem primarily from the Infrastructure Investment and Jobs Act (P.L. 117-58) and will not result in adjustments to the 2024 caps.

7. The \$123.8 billion in funding for emergency requirements stems largely from P.L. 118-50, which provided \$67.5 billion and \$27.8 billion, respectively, in defense and nondefense funding for assistance to Israel, Ukraine, and countries in the Indo-Pacific region. The remaining \$28.5 billion in nondefense funding for emergency requirements consists of \$16.0 billion for disaster relief and \$12.5 billion for other activities.

After those adjustments are made, the caps on budget authority for 2024 will total \$953.8 billion for defense programs and \$785.5 billion for nondefense programs—\$1,739.3 billion in all, CBO estimates. OMB reported in April that at that point, appropriations for 2024 that were subject to the caps were equal to or below the cap amounts. The subsequent appropriations for emergency requirements do not change that conclusion, and therefore no sequestration will be required, in CBO’s estimation.

The caps still could be breached if lawmakers provided additional appropriations for 2024 before the end of the fiscal year without increasing the limits—unless those appropriations either fell within a category that caused a cap adjustment or were offset by reductions in funding for other programs. If the caps were breached late in fiscal year 2024, the 2025 caps would be reduced to compensate for the excess funding.

Limits on Discretionary Budget Authority for 2025

The caps on discretionary budget authority in 2025 are unchanged from the amounts specified in section 101(a) of the FRA. Those limits total \$1,605.9 billion—\$895.2 billion for defense and \$710.7 billion for nondefense. Those amounts do not account for adjustments to accommodate funding for future emergency requirements, disaster relief, wildfire suppression, or program integrity initiatives.⁸

Cap Adjustment for Disaster Relief

The total increase in caps to accommodate funding for disaster relief is statutorily limited and cannot exceed the sum of the following components:

- The average funding provided for disaster relief over the previous 10 years (adjusted to exclude the highest and lowest annual amounts);
- Five percent of amounts designated for emergency requirements and appropriated over the previous 10 years under the Robert T. Stafford Disaster Relief and Emergency Assistance Act (P.L. 93-288), as amended; and

- The cumulative amount by which the maximum funding for disaster relief has exceeded the amounts appropriated for each year after 2018.

For 2025, CBO estimates, the maximum cap adjustment for disaster relief will be \$22.9 billion. Of that amount, \$13.6 billion is the average annual funding over the 2015–2024 period, excluding the highest and lowest annual amounts. The other \$9.3 billion is 5 percent of the funding provided for emergency requirements under the Stafford Act for the same period. Finally, the cumulative amount by which the maximum funding for disaster relief has exceeded the amounts appropriated for each year after 2018 is zero.

This Congressional Budget Office report was prepared in response to the requirements of the Balanced Budget and Emergency Deficit Control Act of 1985, as amended. Previous editions are available at <https://tinyurl.com/44vz2jkm>. In keeping with CBO’s mandate to provide objective, impartial analysis, the report makes no recommendations.

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Christina Hawley Anthony, Chad Chirico, Mark Doms, Ann E. Futrell, Mark Hadley, Jeffrey Kling, Sam Papenfuss, and Robert Sunshine reviewed the report. Kate Kelly was the editor, and R. L. Rebach prepared the text for publication. The report is available at www.cbo.gov/publication/60382.

CBO seeks feedback to make its work as useful as possible. Please send comments to communications@cbo.gov.



Phillip L. Swagel
Director



8. In keeping with section 103 of the FRA, nearly \$69 billion in advance appropriations provided for 2025 that were designated as emergency requirements and were enacted before the FRA became law are excluded from calculations related to statutory caps and will not result in adjustments. That excluded funding stems primarily from the Infrastructure Investment and Jobs Act.