
OMB Sequestration Update Report to the President and Congress for Fiscal Year 2025



August 16, 2024

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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.



THE DIRECTOR

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

August 16, 2024

The President
The White House
Washington, DC 20500

Dear Mr. President:

Enclosed please find the *OMB Sequestration Update Report to the President and Congress for Fiscal Year 2025*. The Office of Management and Budget (OMB) has prepared this report pursuant to section 254 of the Balanced Budget and Emergency Deficit Control Act of 1985.

As required by law, the report sets forth estimates of the discretionary spending limits for the revised security and revised nonsecurity categories enacted in the Fiscal Responsibility Act of 2023 (Public Law 118-5). The report adjusts the 2024 and 2025 spending limits to account for adjustments enacted in Public Law 118-50, an Act making emergency supplemental appropriations for the fiscal year ending September 30, 2024, and for other purposes. This report also provides the status of OMB scoring of actions to date by the House of Representatives and the Senate on 2025 discretionary appropriations bills, comparisons with the spending limit estimates provided by the Congressional Budget Office (CBO) in its August update report, and OMB's preview estimate of the 2025 adjustment for disaster relief.

To date, no 2025 appropriations bills have been enacted into law. Based on the current spending limits for 2025, this report estimates that actions to date by the House of Representatives and the Senate would each breach both the revised security category by \$2 million and \$1 million, respectively, and the revised nonsecurity category by \$4.3 billion and \$2.8 billion, respectively. Ultimately, final legislative action will determine the need for sequestration. The Administration will work with the Congress to ensure that an unintended sequestration does not occur. OMB must issue a final sequestration report for 2025 after all 12 appropriations bills have been enacted into law.

Sincerely,

A handwritten signature in black ink that reads "Shalanda D. Young". The signature is written in a cursive, flowing style.

Shalanda D. Young
Director

Enclosure

Identical Letter Sent to The Honorable Kamala Harris
and The Honorable Mike Johnson

I. INTRODUCTION

The Fiscal Responsibility Act of 2023 (FRA; Public Law 118-5) amended the Balanced Budget and Emergency Deficit Control Act of 1985 (BBEDCA) by establishing limits on discretionary budget authority for fiscal years 2024 and 2025. Section 254 of BBEDCA requires OMB to issue a sequestration update report by August 20 each year. This report provides OMB's current estimates of the discretionary spending limits, including updates to the limits since OMB last reported on the caps in its 2024 final sequestration report issued on April 12, 2024. The most significant update is adjustments to the 2024 and 2025 spending limits to account for discretionary supplemental appropriations enacted in Public Law 118-50, an Act making emergency supplemental appropriations for the fiscal year ending September 30, 2024, and for other purposes (the 2024 Supplemental). This report also contains OMB's scoring estimates of pending ap-

propriations legislation as measured against the 2025 limits as of August 12, 2024. As required by BBEDCA, OMB's estimates are based on the economic and technical assumptions used in the President's 2025 Budget and cover the 12 annual appropriations bills for 2025 that have been reported or passed by the House of Representatives and the Senate. Pursuant to section 254(e) of BBEDCA, this report also contains OMB's calculation of the 2025 preview estimate of the adjustment for disaster relief funding. If the discretionary caps for 2025 remain unchanged, OMB's preliminary estimates of appropriations action to date by the House and Senate would each breach both the revised security category by \$2 million and \$1 million, respectively, and the revised nonsecurity category by \$4.3 billion and \$2.8 billion, respectively. The preliminary House and Senate estimates are summarized in Table 3 of this report.

II. DISCRETIONARY SEQUESTRATION UPDATE REPORT

Discretionary programs are funded through the annual appropriations process, which is largely governed by congressional procedures delineated in the Congressional Budget and Impoundment Control Act of 1974, as amended. However, both the Congress and the President have seen fit to add statutory spending limits (or caps) in BBEDCA as a way to reach bipartisan agreement on levels of discretionary spending for a period of time. These caps are meant to be limits on spending and do not require that the Congress appropriate the full amount available under the cap. From 2012 through 2021, discretionary limits were in place due to enactment of the Budget Control Act of 2011 (Public Law 112-25). These limits were subsequently revised through multiple, bipartisan budget agreements that adjusted the limits for two years at a time.¹ The limits ultimately expired after 2021.

The FRA followed a similar approach to prior two-year budget agreements by amending BBEDCA to set new caps on the amount of new budget authority available for discretionary programs for fiscal years 2024 and 2025. When statutory caps are in place, OMB is required to provide regular reports regarding the status of the discretionary spending limits as the Congress works on the annual appropriations bills. Within seven working days of enactment of an appropriations bill, BBEDCA requires OMB to report its estimates of the enacted discretionary new budget authority. BBEDCA also requires OMB to issue reports three times during the year on the overall status of the discretionary caps, including this August update report. This update formally reports on the status of the caps for 2024 and 2025 and provides OMB's mid-year assessment of pending 2025 appropriations legislation as of August 12, 2024 under current scoring estimates if the actions taken to date by the House of Representatives or the Senate on discretionary ap-

¹ For more information on the structure of the BBEDCA spending caps enacted in the BCA and how they changed over time, see Table 1 of any of OMB's discretionary sequestration reports to the President and the Congress for fiscal years 2012 through 2021 for this Administration and the prior Administration that are posted on OMB's website please see: <https://www.whitehouse.gov/omb/legislative/sequestration-reports-orders/>. For reports posted during the Obama Administration, please see the following archive site: https://obamawhitehouse.archives.gov/omb/legislative_reports/sequestration.

propriations bills were to become law. Appropriations that OMB estimates would exceed the current caps would trigger an across-the-board reduction (or sequestration) pursuant to section 251(a) of BBEDCA to eliminate the breach. As required by law, OMB's estimates are based on the economic and technical assumptions used in the President's 2025 Budget, and cover the 12 annual appropriations bills for 2025 that have been reported or passed by the House and Senate. The next sections discuss the funding levels and structure of the current caps and anticipated adjustments to those caps.

Current discretionary limits. Section 251 of BBEDCA specifies two categories for discretionary funding. The revised security category includes only the discretionary programs in the defense budget function 050 (the "defense" category), 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 non-security category consists of all discretionary programs not in the revised security category—essentially all non-defense (or non-050) budget functions (the "non-defense" category). Table 1 begins with the caps included in OMB's 2024 final sequestration report released on April 12, 2024. The 2024 caps provide \$886.3 billion for defense and \$757.7 billion for non-defense, while the 2025 caps provide \$895.2 billion for defense and \$710.7 billion for non-defense.

Section 251 of BBEDCA adjustments to discretionary limits.—BBEDCA permits a number of adjustments to the discretionary caps in specific circumstances. Section 251(b)(1) allows adjustments for changes in concepts and definitions to be made in the preview report, which is transmitted with the President's Budget, while section 251(b)(2) authorizes adjustments after the enactment of appropriations if certain funding is designated in statute. Since the release of OMB's 2024 final sequestration report, additional emergency supplemental appropriations have been enacted in the 2024 Supplemental, which necessitates adjustments to both the defense and non-defense caps, and each of these amounts are listed in the next section.

Table 1. DISCRETIONARY SPENDING LIMITS

(Discretionary budget authority in millions of dollars)

	2024	2025
<u>DEFENSE (OR “REVISED SECURITY”) CATEGORY</u>		
2024 Final Sequestration Report Spending Limits	886,349	895,212
Defense Adjustments for the 2025 Sequestration Update Report:		
Emergency Requirements	+67,493	.....
2025 Sequestration Update Report Spending Limits	953,842	895,212
<i>Anticipated Adjustments for the 2025 Final Sequestration Report:</i>		
<i>No Adjustments</i>		
<i>Anticipated 2025 Final Sequestration Report Defense Spending Limits</i>	<i>953,842</i>	<i>895,212</i>
<u>NON-DEFENSE (OR “REVISED NONSECURITY”) CATEGORY</u>		
2024 Final Sequestration Report Spending Limits	757,652	710,688
Non-Defense Adjustments for the 2025 Sequestration Update Report:		
Emergency Requirements	+28,015	+496
2025 Sequestration Update Report Spending Limits	785,667	711,184
<i>Anticipated Adjustments for the 2025 Final Sequestration Report:</i>		
<i>Emergency Requirements</i> .....	.....	+23,200
<i>SSA Dedicated Program Integrity</i>.....	.....	+1,630
<i>Health Care Fraud and Abuse Control</i> .....	.....	+630
<i>Disaster Relief</i> .....	.....	+22,884
<i>Reemployment Services and Eligibility Assessments</i> .....	.....	+271
<i>Wildfire Suppression</i> .....	.....	+2,750
<i>Subtotal, Anticipated Non-Defense Adjustments for the 2025 Final Sequestration Report</i> .....	.....	+51,365
<i>Anticipated 2025 Final Sequestration Report Non-Defense Spending Limits</i>	<i>785,667</i>	<i>762,549</i>
<u>TOTAL DISCRETIONARY FUNDING</u>		
2025 Sequestration Update Report,		
Total Discretionary Spending	1,644,001	1,605,900
<i>Anticipated 2025 Final Sequestration Report,</i>		
<i>Total Discretionary Spending</i>	<i>1,739,509</i>	<i>1,657,761</i>

Enacted Emergency Requirements. Section 251(b)(2)(A)(i) of BBEDCA authorizes adjustment to the caps for appropriations that are designated by the Congress, and subsequently designated by the President, as emergency requirements. The 2024 Supplemental contained three divisions with additional funding:

- Division A, the Israel Security Supplemental Appropriations Act, 2024 provided \$26.4 billion in 2024 appropriations with \$13.0 billion for defense programs and \$13.3 billion for non-defense programs;
- Division B, the Ukraine Security Supplemental Appropriations Act, 2024 provided \$61.0 billion in 2024 appropriations and nearly \$0.5 billion in 2025 appropriations with \$48.6 billion for defense programs and \$12.9 billion for non-defense programs; and
- Division C, the Indo-Pacific Security Supplemental Appropriations Act, 2024 provided \$8.1 billion in 2024 appropriations with \$5.9 billion for defense programs and \$2.2 billion for non-defense programs.

Table 2. STATUS OF 2024 DISCRETIONARY APPROPRIATIONS
(Discretionary budget authority in millions of dollars)

	BUDGET AUTHORITY
DEFENSE CATEGORY	
Adjusted Discretionary Spending Limit	953,842
Total Enacted Appropriations	953,842
Spending Over (+)/Under (-) Limits .....	.....
NON-DEFENSE CATEGORY	
Adjusted Discretionary Spending Limit	785,667
Total Enacted Appropriations	785,570
Spending Over (+)/Under (-) Limits	-97
TOTAL DISCRETIONARY SPENDING—ALL CATEGORIES	
Adjusted Discretionary Spending Limit	1,739,509
Total Enacted Appropriations	1,739,412
Spending Over (+)/Under (-) Limits	-97

The Congress designated as emergency requirements the amounts provided in each of these divisions of the 2024 Supplemental and the President transmitted his emergency designations to the Congress on April 24, 2024. In sum, the 2024 defense cap is adjusted upwards by \$67.5 billion to a total of \$953.8 billion and the 2024 non-defense cap is adjusted upwards by \$28.0 billion to a total of \$785.7 billion. The 2025 non-defense cap is adjusted upwards by \$0.5 billion to a total of \$711.2 billion. These adjustments are included in Table 1.

Anticipated section 251 of BBEDCA adjustments to discretionary limits.— In addition to the adjustments for enacted appropriations, Table 1 shows anticipated adjustments for 2025 that are available under current law and equal to the levels proposed in the President’s 2025 Budget. These anticipated adjustments are described in the text below. In many cases, the level of anticipated adjustments are consistent with the levels provided in the current appropriations bills reported or passed by the House and Senate that are included in Table 3. However, these are only anticipated or possible adjustments. The actual adjustments will be determined at the end of this session of the Congress based on appropriations enacted by the Congress and the President and will be reflected in OMB’s 2025 final sequestration report. The section 251(b)(2) anticipated adjustments include:

Emergency Requirement and Overseas Contingency Operations/Global War on Terrorism (OCO/GWOT) Appropriations.—Section 251(b)(2)(A) of BBEDCA authorizes adjustment to the caps for appropriations that are designated by the Congress, and subsequently designated by the President, as emergency requirements or for OCO/GWOT, on an account-by-account basis. Currently, there are no anticipated adjustments for OCO/GWOT activities. For emergency requirements, the Administration requested \$23.2 billion in non-defense emergency requirements across multiple appropriations bills and anticipates enacted 2025 appropriations will include a number of emergency appropriations but the precise level and allocation of these amounts will be determined during final negotiations. At present, the House bills currently do not include emergency appropriations while the Senate bills include approximately \$53.5 billion in emergency appropriations with \$20.8 billion for defense programs and \$32.7 billion for non-defense programs. The Administration’s requested \$23.2 billion emergency request is shown as an anticipated adjustment on Table 1 while Senate emergency amounts are included in its list of cap adjustments displayed on Table 3.

Social Security Dedicated Program Integrity Activities.—Section 251(b)(2)(B) of BBEDCA authorizes cap adjustments for Social Security Administration (SSA) appropriations primarily for Continuing Disability Reviews (CDRs) and redeterminations. CDRs

Table 3. STATUS OF 2025 APPROPRIATIONS ACTION
(Discretionary budget authority in millions of dollars)

	House Action		Senate Action	
	BA		BA	
<u>DEFENSE CATEGORY</u>				
Defense Base Appropriations:				
Commerce, Justice, Science, and Related Agencies	6,355	C	6,613	C
Defense	832,878	F	830,687	A
Energy and Water Development	34,193	C	34,971	A
Financial Services and General Government	45	C	48	A
Homeland Security	3,409	F	3,138	A
Military Construction and Veterans Affairs	17,956	F	19,308	C
Transportation and Housing and Urban Development	378	C	448	C
Subtotal, Defense Base Discretionary	895,214		895,213	
Defense Cap Adjustments: ¹				
Defense (Emergency)		F	20,800	A
Total, Defense Discretionary	895,214		916,013	
Final Sequestration Report Defense Category Limit (congressional action) ²	895,212		916,012	
CONGRESSIONAL ACTION OVER(+)/UNDER(-) LIMIT	+2		+1	
<u>NON-DEFENSE CATEGORY</u>				
Non-Defense Base Appropriations:				
Agriculture and Rural Development	25,814	C	27,006	C
Commerce, Justice, Science, and Related Agencies	73,452	C	64,178	C
Defense	178	F	178	A
Energy and Water Development	25,067	C	26,496	A
Financial Services and General Government	23,486	C	21,127	A
Homeland Security	61,509	F	57,378	A
Interior and Environment	38,095	F	37,411	C
Labor, HHS, and Education	187,640	C	198,655	A
Legislative Branch ³	7,038	C	6,999	C
Military Construction and Veterans Affairs	129,571	F	129,582	C
State and Foreign Operations	51,458	F	55,572	C
Transportation and Housing and Urban Development	91,659	C	88,896	C
Subtotal, Non-Defense Base Discretionary	714,967		713,478	
Non-Defense Cap Adjustments: ¹				
Commerce, Justice, Science, and Related Agencies (Emergency)		C	4,500	C
Financial Services and General Government (Disaster Relief & Emergency)	143	C	562	A
Homeland Security (Disaster Relief)	22,741	F	22,392	A
Interior and Environment (Wildfire Suppression & Emergency)	2,750	F	6,591	C
Labor, HHS, and Education (Program Integrity & Emergency)	2,260	C	9,531	A
State and Foreign Operations (Emergency)		F	5,900	C
Transportation and Housing and Urban Development (Emergency)		C	11,030	C
2024 Security Supplemental Appropriations Act (Emergency) ⁴	496	F	496	F
Subtotal, Non-Defense Cap Adjustments	28,390		61,362	
Total, Non-Defense Discretionary	743,357		774,840	
Final Sequestration Report Defense Category Limit (congressional action) ²	739,078		772,050	
CONGRESSIONAL ACTION OVER(+)/UNDER(-) LIMIT	+4,279		+2,790	
<u>TOTAL DISCRETIONARY SPENDING</u>				
Total, Discretionary	1,638,571		1,690,853	
Estimated Final Sequestration Report Total Category Limits	1,634,290		1,688,062	
CONGRESSIONAL ACTION OVER(+)/UNDER(-) LIMITS	+4,281		+2,791	

Table 3. STATUS OF 2025 APPROPRIATIONS ACTION—Continued
(Discretionary budget authority in millions of dollars)

	House Action	Senate Action
	BA	BA
<i>Memorandum: Appropriations Counted Outside of Statutory Discretionary Budget Enforcement</i> ⁵		
<i>21st Century Cures Appropriations</i>	182	182
<i>Harbor Maintenance Trust Fund Appropriations</i>	3,147	3,147
<i>Hazardous Substance Superfund Appropriations</i>	2,174	2,174
<i>Bipartisan Safer Communities Act Appropriations</i>	695	695
<i>Infrastructure Investment and Job Act Appropriations</i>	66,135	66,135

Key: A = 302(b) Allocation; C = OMB scoring of committee-reported bill; F = OMB scoring of floor-passed bill

NOTE: OMB scoring of House and Senate action is preliminary and subject to change.

¹ The House and Senate bills include the cap adjustments that are currently available pursuant to section 251(b)(2) of BBEDCA for Emergency Requirements, Program Integrity, Disaster Relief, and Wildfire Suppression.

² This estimate of the Final Sequestration Report caps begins with the 2025 base cap for each respective category from Table 1 and adds the cap adjustments included in each of the House and Senate bills, respectively.

³ Holding to tradition, the respective House- and Senate-reported Legislative Branch bills do not include items from the other chamber since both the House and Senate moved their own bills before the other passed its own bill off the floor. For a more comparable bill total, OMB adds the Senate items from the Senate-reported bill to its House scoring and adds the House items from the House-reported bill to its Senate scoring.

⁴ The 2024 Supplemental included second-year effects in 2025 totaling \$496 million.

⁵ The appropriations summarized here are exempted from counting for purposes of statutory budget enforcement pursuant to legislative language enacted in authorizing Acts. Therefore, they are presented separately and are not included in the totals displayed above.

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 an individual’s benefit level. SSA may also use cap adjustment funds for work on 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 before the adjustment. The intent of this adjustment is to ensure sufficient resources for the Social Security Administration to reduce improper payments and achieve significant deficit savings in future years.

The 2025 Budget provided the base funding level of \$273 million and proposed a cap adjustment at the authorized level of \$1,630 million in 2025. This amount is included on Table 1 as an anticipated adjustment. Both the House and Senate have provided the full cap

adjustment level of \$1,630 million in 2025 for these activities in their reported versions of the 2025 Labor, Health and Human Services, Education, and Related Agencies appropriations (2025 LHHS) bill. Table 3 reflects this same adjustment for the 2025 House and Senate cap adjustments.

Health Care Fraud and Abuse Control (HCFAC).—Section 251(b)(2)(C) of BBEDCA authorizes an adjustment to the caps by amounts appropriated for HCFAC activities, which include efforts to reduce the Medicare improper payment rate, support the Health Care Fraud Prevention and Enforcement Action Team initiative, and reduce the Medicaid improper payment rates. 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 before the adjustment. The 2025 Budget provided the base level of \$311 million and proposed a cap adjustment at the authorized level of \$630 million in 2025 and this amount is included as an anticipated adjustment on Table 1. Both the House and Senate have provided the full cap adjustment level of \$630 million in their re-

ported versions of the 2025 LHHS bill. Table 3 reflects this same adjustment for the 2025 House and Senate cap adjustments.

Disaster 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,” which 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 (42 U.S.C. 5122(2)). Section 254(e) of BBEDCA requires OMB to include in this report a preview estimate of the adjustment for disaster funding for 2025. The preview estimate for 2025 is currently \$22.9 billion (see section III of this report), and this level ties to the 2025 Budget request, as amended, which provided \$22.4 billion for the Federal Emergency Management Agency’s Disaster Relief Program with an additional \$492 million for the Small Business Administration’s Disaster Loans Program. The request covers the costs of Presidentially-declared major disasters, including identified costs for previously declared catastrophic events and the estimated annual cost of non-catastrophic events expected to be obligated in 2025. Consistent with past practice, the 2025 request level does not seek to pre-fund anticipated needs in other programs arising out of disasters that have yet to occur. The 2025 amount is shown as an anticipated adjustment to the non-defense category in 2025 on Table 1. At present, the House reported 2025 Homeland Security and Financial Services appropriations bills provide the full amount of disaster funding available under the ceiling but the House allocates \$143 million for SBA and \$22.7 billion for FEMA. The Senate, however, matches the request with \$492 million for SBA in its reported 2025 Financial Services and General Government (FSGG) appropriations bill but has not yet released its 2025 Homeland Security bill. Nevertheless, it is assumed the Senate will provide the full amount of disaster funding available under the ceiling and will provide \$22.4 billion – the same amount as the Request – for FEMA. These House and Senate amounts are reflected on Table 3.

Reemployment Services and Eligibility Assessments.— Section 30206(c) of title II of the Bipartisan Budget Act of 2018 (BBA of 2018; Public Law 115-123) created a cap adjustment for program integrity efforts under section 251(b)(2)(E) of BBEDCA for Reemploy-

ment Services and Eligibility Assessments (RESEA). Similar to the SSA dedicated program integrity and HCFAC cap adjustments, an adjustment is permitted up to a maximum amount specified in BBEDCA if the underlying appropriations bill first provides a base level of \$117 million for these activities. The 2025 Budget fully funded the base amount for this program and included the full cap adjustment of \$271 million that is authorized for 2025. This amount is included as an anticipated cap adjustment on Table 1. The House only provided \$116 million for the base amount in its reported 2025 LHHS bill and did not provide the cap adjustment amount while the Senate provided the full base and cap adjustment levels in its reported 2025 LHHS bill. Table 3 reflects the Senate cap adjustment.

Wildfire Suppression Operations.— Division O of Public Law 115-141, as amended by section 7 of Public Law 116-6, the Stephen Sepp Wildfire Suppression Funding and Forest Management Activities Act, created a cap adjustment under section 251(b)(2)(F) of BBEDCA for wildfire suppression activities to create greater funding certainty in times of wildfire disasters. BBEDCA permits this adjustment up to a maximum amount specified in the law if the underlying appropriations bill first funds a base level for these activities. The base level is defined as the average costs over ten years for wildfire suppression operations that was requested in the President’s 2015 Budget for the U.S. Department of Agriculture’s Forest Service and for the Department of the Interior (DOI). These amounts have been determined to be \$1,011 million for the Forest Service and \$384 million for DOI. The 2025 Budget requests these base amounts for wildfire suppression and seeks the full \$2,750 million adjustment authorized in BBEDCA for 2025, with \$2,390 million included for Forest Service and \$360 million included for DOI. Providing the full level authorized in 2025 will ensure that adequate resources are available to fight wildland fires, protect communities, and safeguard human life during the most severe wildland fire season. The FRA did not change the existing allowable adjustments in place in BBEDCA for 2025, and this amount is included as an anticipated cap adjustment for 2025 in Table 1. Both the House and Senate have provided the full cap adjustment level of \$2,750 million in their reported versions of the 2025 Interior and Environment appropriations bill. Table 3 also reflects

Table 4. COMPARISON OF OMB AND CBO DISCRETIONARY SPENDING LIMITS

(Discretionary budget authority in millions of dollars)

	2024	2025
DEFENSE (OR “REVISED SECURITY”) CATEGORY		
CBO 2025 Update Report Limits	953,841	895,212
OMB 2025 Update Report Limits	953,842	895,212
Difference +/-	+1	.....
NON-DEFENSE (OR “REVISED NONSECURITY”) CATEGORY		
CBO 2025 Update Report Limits	785,489	710,688
OMB 2025 Update Report Limits	785,667	711,184
Difference +/-	+178	+496
CBO 2025 Update Report,		
Total Discretionary	1,739,330	1,605,900
OMB 2025 Update Report,		
Total Discretionary	1,739,509	1,606,396
Difference +/-	+179	+496

this same adjustment for the 2025 House and Senate cap adjustments.

Status of 2024 discretionary appropriations.—

Table 2 summarizes the status of enacted 2024 discretionary appropriations, relative to the discretionary caps for 2024. The caps include all adjustments made in OMB’s 2024 final sequestration report and the adjustments made in this report. Using the same economic and technical assumptions underlying the 2024 Budget, OMB’s estimates of enacted budget authority for the defense category remain at the 2024 spending cap while OMB’s estimate of budget authority for the non-defense category remains below the 2024 spending cap. If appropriations are enacted before the end of 2024 that lead to a 2024 category breach, then in its 2025 final sequestration report, OMB would adjust the 2025 limit for that category downward by the amount of the breach, pursuant to section 251(a)(5) of BBEDCA.

Status of 2025 discretionary appropriations.—

Table 3 presents, where applicable, preliminary OMB scoring for each of the 12 annual appropriations bills that have been reported or passed by the House and Senate. OMB estimates of House and Senate action include the following assumptions and caveats:

- OMB scoring of the House and Senate bills include the cap adjustments that are currently

available pursuant to section 251(b)(2) of BBEDCA for Emergency Requirements, Program Integrity, Disaster Relief, and Wildfire Suppression.

- At the time this report was prepared, OMB had not completed its scoring for the Senate-reported 2025 Defense, Energy and Water Development, Financial Services and General Government, and Labor, HHS, and Education appropriations bills. In addition, the Senate has not yet released its 2025 Homeland Security bill. As a result, the Senate 302(b) allocations are substituted for each of these bills.
- Holding to tradition, the House- and Senate-reported Legislative Branch appropriations bills do not include items from the other chamber since each chamber moved its own bill before the other chamber passed its bill. For a more comparable bill total, the OMB adds the Senate items from the Senate-reported bill to its House scoring and adds the House items from the House-reported bill to its Senate scoring.

OMB’s preliminary estimates of House and Senate action on 2025 appropriations to date would each breach both the revised security category by \$2 million and \$1 million, respectively, and the revised non-security category by \$4.3 billion and \$2.8 billion, respectively. However, these differences appear to be

attributable to technical estimating differences OMB has with CBO in its analysis of appropriations legislation, and the Congress has included a provision in appropriations Acts that allows OMB to adjust the caps for such differences provided that the amount of the total difference does not exceed a certain threshold. At this time, the Senate has included this provision in its reported 2025 FSGG bill (section 753) but the House-reported 2025 FSGG bill does not. However, OMB continues to review the House and Senate appropriations legislation as well as CBO estimates of that legislation. The estimates in Table 3 remain preliminary and subject to change.

Note on exempted funds.—While most discretionary funding is either counted under the base BBEDCA caps or is an adjustment to the caps pursuant to section 251(b)(2) of BBEDCA, there exist a number of discretionary appropriations that are neither counted towards the discretionary caps nor require adjustments to the caps, due to statutory language enacted in authorizing Acts. That language explicitly exempts these specific funds from being counted for purposes of budget enforcement. The exempted amounts include appropriations provided in the Infrastructure Investments and Jobs Appropriations Act (division J of Public Law 117-58), the Bipartisan Safer Communities Supplemental Appropriations Act, 2022 (division B of Public Law 117-159), and certain revenues made available for the Hazardous Substance Superfund by section 443(b) of the Department of the Interior, Environment, and Related Agencies Appropriations Act, 2023 (division G of Public Law 117-328). These funds are exempt from counting for purposes of statutory budget enforcement pursuant to section 103 of the FRA. In addition, section 101 of the Water Resources Development Act of 2020 (division AA of Public Law 116-260) exempts from budget enforcement certain

levels of appropriations for the Corps of Engineers from the Harbor Maintenance Trust Fund and in the Operation and Maintenance account designated in statute to carry out section 2106(c) of Public Law 113-121. Finally, the 21st Century Cures Act (Public Law 114-255) directed that funds appropriated for certain activities cannot be counted for purposes of budget enforcement so long as the appropriations were specifically provided for certain authorized purposes and within the authorized amounts. As a result of these statutory exemptions, each of these amounts are displayed outside of the discretionary totals in Table 3 in the memorandum section.

Comparison of OMB and CBO discretionary limits.—Section 254(e) of BBEDCA requires this report to explain the difference between OMB and CBO estimates for the discretionary spending limits. Table 4 compares OMB and CBO limits for 2024 and 2025. CBO starts with the same caps as OMB, which tie to the levels included in both CBO’s and OMB’s final sequestration reports for 2024. Both CBO and OMB then adjust the caps for enactment of the 2024 Supplemental. CBO’s estimates for the 2024 caps ends up being \$1 million lower for defense and \$178 million lower for non-defense and these differences are entirely due to OMB scoring, on net, higher costs for the 2024 Supplemental.² For 2025, OMB estimates a non-defense cap that is \$496 million higher than CBO and this is because OMB adjusts the cap for second-year effects in 2025 from the 2024 Supplemental. CBO defers making any adjustment until the final sequestration report when many of the other adjustments for 2025 are expected to be finalized.

² See OMB’s Seven-Day-After Report for the 2024 Supplemental on OMB’s website for more information behind the scoring differences: <https://www.whitehouse.gov/omb/legislative/budget-enforcement-act-7-day-reports/>.

III. PREVIEW ESTIMATE OF THE DISASTER FUNDING ADJUSTMENT FOR FISCAL YEAR 2025

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)). BBEDCA sets an annual limit for the disaster adjustment (or funding ceiling) that is determined through

a formula. In the original BCA, the formula had two components: 1) the average of funding provided for disaster relief over the previous 10 years (excluding highest and lowest years) and 2) the amount of any unused carryover from the previous year. After years of a declining disaster ceiling, the formula was amended in division O of the Consolidated Appropriations Act of 2018 (Public Law 115-141) to have the annual ceiling determined by adding three components:

**Table 5. SUMMARY OF AVERAGE
FUNDING PROVIDED FOR DISASTER
RELIEF FOR 2015 THROUGH 2024**

(Discretionary budget authority in millions of dollars)

Fiscal Year	Budget Authority
2015	6,529
2016	7,643
2017	8,129
2018	7,366
2019	12,000
2020	17,503
2021	17,285
2022	18,942
2023	20,088
2024	20,404
Average 2015–2024	
Total Budget Authority	135,889
Low (2015)	6,529
High (2024)	20,404
Average (dropping high/low)	13,620
Calculation of 2024 Carryover	
2024 Preview Estimate	20,404
2024 Enacted	20,404
2024 Carryover	.....
Calculation of 2025 Preview Estimate	
Average	13,620
2024 Carryover	.....
Emergency Adjustment (see Table 6)	9,264
2025 Preview Estimate	22,884

1) the same 10-year average as before; 2) five percent of the discretionary amounts appropriated (net of any rescissions) to address Stafford Act disasters that were designated in statute as emergency requirements over the previous 10 years; and 3) the cumulative net total of any unused carryover in any prior fiscal year since 2018.³ After BBEDCA caps ended in 2021, this same formula was utilized for a disaster relief allocation adjustment in the FY 2022 Congressional Budget Resolution (H.Con.Res. 14) and the FY 2023 deeming resolution in the House (H.Res. 1151). In each of those years, appropriations were enacted at the disaster relief ceilings that were determined to be \$18.9 billion in 2022 and \$20.1 billion in 2023.

The FRA amended BBEDCA to extend the applicability of the disaster adjustment for fiscal years 2024 and 2025. The FRA also modified the emergency component of the disaster formula by allowing it to count emergency requirements that were designated as such by the Congress in statute but not necessarily pursuant to BBEDCA. This change had the effect of allowing Stafford emergencies that were enacted in fiscal years when BBEDCA caps were not in place – namely 2022 and 2023 – to be counted in the formula. In final 2024 appropriations action, disaster funding was enacted at the ceiling level of \$20.4 billion.

Section 254(e) of BBEDCA requires this sequestration update report to include a preview estimate of the adjustment for disaster funding for the upcoming year under the formula, in this case 2025. The first part of the calculation of the ceiling in 2025 is outlined in Table 5. The total budget authority appropriated for disaster relief over the 2015 through 2024 period, including appropriations in 2022 and 2023 when BBEDCA caps were not in place, is \$135.9 billion. The

³ For more information on the change enacted in the disaster formula and the methodology and criteria OMB used for estimating the emergency appropriations for Stafford Act disasters, please consult 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 that was released on April 23, 2018. The report is available on the OMB website: <https://www.whitehouse.gov/omb/legislative/omb-reports/>.

low value dropped is for 2015 (\$6.5 billion), and the high value dropped is for 2024 (\$20.4 billion). The average for 2025 is therefore \$13.6 billion.

The second part of the calculation requires the determination of the 2025 emergency adjustment funding that should be added to the average. Table 6 summarizes the amounts used for determining this adjustment. The amounts for 2015 through 2023 come from OMB's prior discretionary update and final sequestration reports for 2024.⁴ The 2024 amounts are from Stafford Act emergency requirements designated pursuant to BBEDCA and/or congressional budget enforcement in two appropriations Acts: (1) \$15.5 billion provided in the Continuing Appropriations Act, 2024 (division A of Public Law 118-15) and (2) \$0.2 billion provided in IIJA. The 2025 emergency adjustment is determined by adding up the total budget authority designated since 2015 as emergency requirements for Stafford Act disasters, or \$185.3 billion, and taking five percent of that amount, or \$9.3 billion.

The third part of the calculation requires determining the amount of any unused carryover that should be applied to the ceiling. However, the Congress has provided appropriations in each year equal to the full amount of the allowable adjustment. Since the Congress provided the full amount, there is no net carryover from 2024 into 2025.

After accounting for each of the components of the adjustment for the preview estimate for disaster relief, OMB calculates a funding ceiling in 2025 of \$22.9 billion – or \$22,884 million. This is the result of taking the average (\$13.6 billion) and adding the emergency adjustment for 2025 (\$9.3 billion) and the carryover from 2024 (\$0). This calculation is shown on Table 5. It is important to note that no actual adjustment to the caps will occur unless the Congress enacts appropriations that it specifically designates as being for disaster relief pursuant to BBEDCA.

⁴ These reports are posted on OMB's website: <https://www.whitehouse.gov/omb/legislative/sequestration-reports-orders/>.

Table 6. SUMMARY OF FUNDING PROVIDED FOR DISASTERS DECLARED PURSUANT TO THE STAFFORD ACT AND DESIGNATED AS EMERGENCY, 2015-2024

(Discretionary budget authority in millions of dollars)

Fiscal Year	Budget Authority	Five Percent
2015	.....	.....
2016	.....	.....
2017	14,800.	740.
2018	88,821	4,441
2019	5,958	298
2020	40,000	2,000
2021	2,000	100
2022	7,300	365
2023	10,700	535
2024	15,700	785

2025 Emergency Adjustment		
Total Budget Authority	185,279	
Five Percent	+9,264	

