

OMB FINAL SEQUESTRATION REPORT TO THE
PRESIDENT AND CONGRESS FOR FISCAL YEAR 2017

COMMUNICATION

FROM

THE DIRECTOR, THE OFFICE OF
MANAGEMENT AND BUDGET

TRANSMITTING

OMB'S FINAL SEQUESTRATION REPORT FOR FISCAL YEAR 2017,
PURSUANT TO 2 U.S.C. 904(f)(1); PUBLIC LAW 99-177, SEC. 254
(AS AMENDED BY PUBLIC LAW 112-25, SEC. 103); (125 STAT. 246)



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EXECUTIVE OFFICE OF THE PRESIDENT,
OFFICE OF MANAGEMENT AND BUDGET,
Washington, DC, May 19, 2017.

Hon. PAUL D. RYAN,
Speaker of the House of Representatives,
Washington, DC.

DEAR MR. SPEAKER: Enclosed please find the *OMB Final Sequestration Report to the President and Congress for Fiscal Year 2017*, 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. However, section 184 of the Continuing Appropriations Act, 2017 (division C of Public Law 114–223, as amended by division A of Public Law 114–254 and further amended by Public Law 115–30) delayed the report until 15 days after expiration of the 2017 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 2017 discretionary appropriations bills compared to those limits, and comparisons of OMB's estimates with the estimates provided by the Congressional Budget Office in its *Final Sequestration Report for Fiscal Year 2017*.

Based on the estimates in this report, enacted appropriations are within the discretionary spending limits for 2017, and a sequestration of discretionary budget authority pursuant to section 251 of BBEDCA is not required.

Sincerely,

MICK MULVANEY,
Director.

Enclosure.

**OMB Final Sequestration
Report to the President and
Congress for Fiscal Year 2017**



May 19, 2017

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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.

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 BBEDCA's spending limits on discretionary budget authority for the period of 2012 through 2021. The 2013 and 2014 limits were revised by the American Taxpayer Relief Act of 2012 (ATRA; Public Law 112-240), and the 2014 and 2015 limits were further 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).

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 184 of the Continuing Appropriations Act, 2017 (division C of Public Law 114-223, as amended by division A of Public Law 114-254 and further amended by Public Law 115-30) (the CR) delayed the release of this report until 15 days after May 5, 2017, to provide more time for the Congress to complete the remaining appropriations Acts for 2017.

Supplemental appropriations for 2016 and one of twelve appropriations Acts for 2017 were enacted when the Continuing Appropriations and Military Construction, Veterans Affairs, and Related Agencies Appropriations Act, 2017 and Zika Response and Preparedness Act (Public Law 114-223) became law

on September 29, 2016. Additional full-year appropriations were provided for 2017 when the Security Assistance Appropriations Act, 2017 (division B of Public Law 114-254) (the 2017 SAA) became law on December 10, 2016. OMB released its scoring for each of these Acts on October 11 and December 20, respectively.¹

The remaining 11 appropriations Acts for 2017 were enacted when the President signed the Consolidated Appropriations Act, 2017 (CAA of 2017; Public Law 115-31), on May 5, 2017. OMB completed its scoring estimates of that Act and released its Seven-Day-After Report² detailing those estimates on May 16, 2017, in accordance with the requirements of section 251(a)(7) of BBEDCA.

This final 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 2016 supplemental and 2017 discretionary appropriations compared to those limits, an update to the preview estimate (or funding ceiling) of the disaster relief adjustment for 2017, and comparisons of OMB's estimated limits with those provided by the Congressional Budget Office (CBO) in its Final Sequestration Report for Fiscal Year 2017. As required, OMB's scoring for 2017 estimates rely on the same economic and technical assumptions used in the 2017 Budget, which was transmitted to the Congress on February 9, 2016. This report covers appropriations legislation enacted through May 5, 2017, and indicates that no sequestration of discretionary budget authority is required.

¹ OMB's Seven-Day-After Reports for the previous Administration can be found on the following archive site: https://obamawhitehouse.archives.gov/omb/legislative_reports/BEA_reports.

² OMB's Seven-Day-After Reports for the current Administration can be found on OMB's website: <https://www.whitehouse.gov/omb/public-releases>.

II. DISCRETIONARY FINAL SEQUESTRATION REPORT

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 limits. Any enacted discretionary appropriations that OMB estimates to exceed the discretionary spending limits trigger 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 2017. As BBEDCA requires, the estimates rely on the same economic and technical assumptions used in the President's 2017 Budget, which was transmitted to the Congress on February 9, 2016.

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" categories³ 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.

³ 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.

In OMB's 2016 preview report⁴, the 2016 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 by \$53.9 billion and the non-defense cap was reduced by \$36.5 billion. The BBA of 2015 restored \$25.0 billion each (\$50.0 billion in total) to the 2016 defense and non-defense categories and replaced the reductions for 2017 that would have taken place with smaller reductions of \$38.9 billion to the defense cap and \$22.5 billion to the non-defense cap. No further changes have been made to the base 2017 caps before this report. After 2017, in the absence of further congressional action, section 251A of BBEDCA requires reductions to the current discretionary caps for 2018 through 2021. The 2018 reductions are being finalized and will be provided in the forthcoming Sequestration Preview Report for 2018. After 2018, the precise amount of the reductions are unknown at this time and will depend on the relative size of sequestrable mandatory outlays in the baseline in future Budgets. Since these reductions are either being finalized or 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, including the changes to 2016 and 2017 required by section 101(a) of the BBA of 2015. Table 2 shows further adjustments to the caps for 2016 and 2017 for amounts included in 2016 supplemental and 2017 full-year 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 2016 and 2017. 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 enact-

⁴ See *OMB Sequestration Preview Report to the President and Congress for Fiscal Year 2016* on at the following archive site for more information: https://obamawhitehouse.archives.gov/omb/legislative_reports/sequestration.

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Table 1. OVERVIEW OF CHANGES TO DISCRETIONARY SPENDING LIMITS
(Net budget authority in billions of dollars)

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Original limits set in Title I of the Budget Control Act of 2011:										
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	+566.0	+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 ATRA:										
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					
Non-Defense Category	N/A	N/A	-36.6		-36.6					
Adjustments pursuant to section 101(a) of 2013 BBA:										
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 2015 BBA:										
Defense Category	N/A	N/A	N/A	N/A	+25.0	-38.9				
Non-Defense Category	N/A	N/A	N/A	N/A	+25.0	-22.5				
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				
Non-Defense Category	N/A	N/A	+6.5	+9.3	+14.9	+20.8				
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						
Non-Defense Category	N/A	N/A		+5.3	+1.7	+4.1				
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				
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				
Technical adjustments for scoring differences with CBO that are permitted under section 7 of Public Laws 113-76, 113-235, 114-113, and 115-31:										
Defense Category	N/A	N/A	+0.2	+0.0		+0.0				
Non-Defense Category	N/A	N/A			+0.2					
Revised Limits Included in the OMB Final Sequestration Report:										
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	586.9	606.9	634.0	603.0	616.0	630.0	644.0
Non-Defense Category	N/A	N/A	504.8	514.9	544.4	553.6	553.0	566.0	578.0	590.0

N/A = Not Applicable

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Table 2. DISCRETIONARY SPENDING LIMITS
(Net budget authority in millions of dollars)

	2016	2017	2018	2019	2020	2021
DEFENSE (OR "REVISED SECURITY") CATEGORY						
Preview Report Spending Limit	606,891	551,068	603,000	616,000	630,000	644,000
No changes						
Update Report Spending Limit	606,891	551,068	603,000	616,000	630,000	644,000
Adjustments for the Final Sequestration Report:						
Overseas Contingency Operations/Global						
War on Terrorism		+82,934				
Technical allowance for estimating differences with CBO		+3				
Subtotal, Defense Category Adjustments		+82,937				
Final Sequestration Report Spending Limit	606,891	634,005	603,000	616,000	630,000	644,000
NON-DEFENSE (OR "REVISED NONSECURITY") CATEGORY						
Preview Report Spending Limit	542,982	518,531	553,000	566,000	578,000	590,000
No changes						
Update Report Spending Limit	542,982	518,531	553,000	566,000	578,000	590,000
Adjustments for the Final Sequestration Report:						
Emergency Requirements						
Overseas Contingency Operations/Global		+878	+4,148			
War on Terrorism		+20,785				
Social Security Dedicated Program Integrity		+1,546				
Health Care Fraud and Abuse Control		+414				
Disaster Relief	+500	+8,129				
Subtotal, Non-Defense Category Adjustments	+1,378	+35,022				
Final Sequestration Report Spending Limit	544,360	553,553	553,000	566,000	578,000	590,000
TOTAL DISCRETIONARY FUNDING						
Preview Report, Total Discretionary Spending	1,149,873	1,069,599	1,156,000	1,182,000	1,208,000	1,234,000
Update Report, Total Discretionary Spending	1,149,873	1,069,599	1,156,000	1,182,000	1,208,000	1,234,000
Final Sequestration Report, Total Discretionary Spending	1,151,251	1,187,558	1,156,000	1,182,000	1,208,000	1,234,000

N/A = Not Applicable

ment of appropriations Acts. In addition, section 7 of the CAA of 2017 requires an adjustment for OMB estimating differences with CBO for 2017 if OMB estimates that new budget authority exceeds the discretionary spending limit for any category set forth in section 251(c) of BBEDCA. With supplemental appropriations for 2016 and full-year appropriations for 2017 enacted, the following adjustments are now made to the 2016 and 2017 defense and non-defense base 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 an account-by-account basis and that the President subsequently so designates.

Emergency Requirements. For 2016, a net total adjustment of \$878 million is made in Table 2 to the non-defense cap for appropriations that were provided as emergency requirements in divisions B, C, and D of Public Law 114-223. This included a combined total of \$1,109 million in funding for the Departments of Health and Human Services (HHS) and State, and the U.S. Agency for International Development to respond to the outbreak of the Zika virus. As a partial offset to the Zika appropriations, a total of \$231 million of previously appropriated emergency amounts were rescinded from the Departments of Commerce,

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Homeland Security, State, and Transportation. A net zero transfer of emergency balances between accounts in the Department of Housing and Urban Development (HUD) was also provided.

For 2017, a net adjustment of \$4,148 million is made to the non-defense cap for emergency requirements designated in the CAA of 2017. These were mostly provided for disaster assistance and response and for wildfire suppression efforts. These amounts also include emergency appropriations that were provided within the CR but have been subsumed into final OMB scoring of the CAA of 2017. The component amounts appropriated are as follows:

- \$206 million provided in the 2017 Agriculture and Rural Development Appropriations Act (division A of the CAA of 2017);
- \$184 million provided in the 2017 Commerce, Justice, Science, and Related Agencies Appropriations Act (division B of the CAA of 2017);
- \$1,026 million provided in the 2017 Energy and Water Development and Related Agencies Appropriations Act (division D of the CAA of 2017);
- \$407 million provided in the 2017 Department of the Interior, Environment, and Related Agencies Appropriations Act (division G of the CAA of 2017); and
- \$2,325 million provided in the 2017 Transportation, HUD, and Related Agencies Appropriations Act (division K of the CAA of 2017).

In addition, there is a net zero transfer of emergency balances in the 2017 Department of Homeland Security Appropriations Act (division F of the CAA of 2017) from the Federal Emergency Management Agency's Disaster Assistance Direct Loan Program Account to its Disaster Relief Fund.

The CAA of 2017, along with the 2017 Military Construction and Veterans Affairs and the 2017 Security Assistance Appropriations Acts, provided a total of \$103,719 million (including rescissions) for OCO/GWOT purposes for 2017. The component amounts appropriated are as follows:

- \$76,573 million in defense funds provided in the 2017 Department of Defense Appropriations Act (division C of the CAA of 2017);
- \$163 million in defense funds provided in the 2017 Department of Homeland Security Appropriations Act (division F of the CAA of 2017);
- \$172 million in defense funds provided in the 2017 Military Construction, Veterans Affairs, and Related Agencies Appropriations Act (division A of Public Law 114-223);
- \$249 million in defense funds provided in the 2017 Military Construction and Veterans Affairs – Additional Appropriations Act (division L of the CAA of 2017);
- \$16,485 million in non-defense funds provided in the 2017 Department of State, Foreign Operations, and Related Programs Appropriations Act (division J of the CAA of 2017); and
- \$10,077 million in funds provided in the 2017 SAA, with \$5,777 million for defense and \$4,300 million for non-defense.

The combined adjustment for all of these amounts increases the defense category by \$82,934 million (for OCO/GWOT activities) and the non-defense category by \$24,933 million (for OCO/GWOT and emergency requirements).

The Congress designated as emergency requirements and as OCO/GWOT the amounts in the CAA of 2017, as appropriate, and the President transmitted to the Congress his separate designations of these amounts as emergency requirements or as OCO/GWOT activities, as appropriate, on May 5, 2017. For any emergency amounts subsumed into OMB scoring of the CAA of 2017 and OCO amounts included in the 2017 Military Construction and Veterans Affairs Appropriations Act and 2017 SAA, the Congress included its designations in division A of Public Law 114-223, the CR, and the 2017 SAA, and President Obama transmitted to the Congress his subsequent designations of these amounts on September 29, 2016 and on December 10, 2016.⁵

⁵ Presidential designations for the current Administration of emergency requirements and OCO/GWOT amounts can be found on OMB's website: http://www.whitehouse.gov/omb/budget_amendments. Presidential designations for the previous Administration can be found on the archive site: https://obamawhitehouse.archives.gov/omb/budget_amendments.

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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 2017 Labor, HHS, and Education Appropriations Act in division H of the CAA of 2017 provided a base level of \$273 million and \$1,546 million as a cap adjustment for these purposes—the maximum allowable adjustment specified for 2017 in BBEDCA. This adjustment is allocated entirely to the non-defense category.

Health Care Fraud and Abuse Control (HCFAC).—Section 251(b)(2)(C) of BBEDCA authorizes 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 2017 Labor, HHS, and Education Appropriations Act in division H of the CAA of 2017 provided a base level of \$311 million and \$414 million as a cap adjustment for these purposes—the maximum allowable adjustment specified for 2017 in BBEDCA. This adjustment is allocated entirely to the non-defense category.

Revised 2017 Preview Estimate and Adjustments for 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. BBEDCA sets a limit for the adjustment equal to the total of the average funding provided for disaster relief over the previous 10 years (excluding the highest and lowest years) plus any portion of the allowable adjustment (funding ceiling) for the previous year that was not appropriated. "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)).

Section 103(2) of the BCA 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 Sequestration Update Report for 2017, released on August 19, 2016, a preview estimate of the 2017 adjustment for disaster relief. The ceiling for the disaster relief adjustment in 2017 was calculated to be \$8,566 million. However, after transmittal of the 2017 Sequestration Update Report, the Continuing Appropriations and Military Construction, Veterans Affairs, and Related Agencies Appropriations Act, 2017 and Zika Response and Preparedness Act (Public Law 114-223) was enacted, and division C of that Act provided \$500 million in 2016 supplemental funding for HUD's Community Development Fund, designating that amount for disaster relief purposes. In the Seven-Day-After Report for Public Law 114-223, released on October 11, 2016, OMB noted that the \$500 million appropriation necessitates a change to the preview estimate for the disaster relief adjustment, and that the adjustment would be made in this final report. As noted in the update report, the annual disaster relief adjustment ceiling is determined through a formula in section 251(b)(2)(D) of BBEDCA that determines the average for the previous 10 years (less the highest and lowest years) and adds any unused portion for the ceiling (or "carryover") from the previous year. The additional \$500 million in 2016 effectively increases the 10-year average to \$7,031 million but reduces the carryover for 2017 from \$1,598 to \$1,098 million. The combination of these changes yields a revised disaster relief preview estimate for 2017 of \$8,129 million.

For 2017, the Congress has provided the full amount available under the ceiling with appropriations total-

ing \$8,129 million that are designated for disaster relief. The component amounts appropriated are as follows:

- \$6,713 million is for the Federal Emergency Management Agency's Disaster Relief Fund (DRF) in the 2017 Department of Homeland Security Appropriations Act (division F of the CAA of 2017); and
- \$1,416 million is for the HUD's Community Development Fund that was provided in the 2017 CR, but is now subsumed into OMB estimate of the 2017 Transportation, HUD, and Related Agencies Appropriations Act (division K of the CAA of 2017).

Accordingly, Table 2 allocates this combined adjustment of \$8,129 million entirely to the non-defense category. In addition, Table 2 also reflects the \$500 million in supplemental funding provided to HUD. Since the amounts enacted as full-year appropriations for disaster relief in 2017 are at the preview adjustment estimate, OMB currently anticipates that no amounts pursuant to section 251(b)(2)(D)(i)(II) of BBEDCA will carry forward into the calculation of the 2018 preview estimate when OMB issues in August 2017 its 2018 Sequestration Update Report.

Technical Allowance for Estimating Differences.— This allowance, specified in section 7 of the CAA of 2017, requires OMB to adjust the spending limit for any category in 2017 when new budget authority provided in an appropriations Act exceeds such 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 2017 Seven-Day-After Report for the CAA of 2017, OMB has an estimating difference of \$3 million with CBO for appropriations provided under the defense category for 2017, 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 2017 total \$1,187.555 billion, which permits a maximum technical adjustment for 2017 of \$2.375 billion. Since the \$3 million is within the maximum allowable technical adjustment for 2017, the defense cap is adjusted upward by \$3 million, and total

Table 3. STATUS OF 2016 DISCRETIONARY APPROPRIATIONS
(Net budget authority in millions of dollars)

	Budget Authority
Defense Category	
Adjusted discretionary spending limit	606,891
Total enacted appropriations	606,890
Spending over (+)/under (-) limit	-1
Non-Defense Category	
Adjusted discretionary spending limit	544,360
Total enacted appropriations	544,192
Spending over (+)/under (-) limit	-168
Total Discretionary Spending—All Categories	
Adjusted discretionary spending limits	1,151,251
Total enacted appropriations	1,151,082
Spending over (+)/under (-) limits	-169

enacted appropriations do not exceed the adjusted non-defense cap.

Summary of current year (Fiscal Year 2016) 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 2016 discretionary appropriations, relative to the discretionary caps for 2016. The caps include all adjustments made to 2016 in the 2016 final sequestration report and in this final report for 2017. With these changes, the scoring for enacted budget authority for both categories for 2016 remains within the adjusted cap levels.

Summary of enacted budget year (Fiscal Year 2017) 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 2017 appropriations bills as measured against the 2017 caps. OMB estimates that discretionary appropriations are at the defense cap while non-defense appropriations are under the non-defense cap. As a result, OMB estimates that seques-

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Table 4. SUMMARY OF 2017 APPROPRIATIONS ACTION¹
(Net budget authority in millions of dollars)

	Budget Authority
DEFENSE CATEGORY	
Defense Appropriations:	
Commerce, Justice, Science, and Related Agencies	5,200
Defense	592,553
Energy and Water Development	19,957
Financial Services and General Government	33
Homeland Security	2,039
Military Construction and Veterans Affairs	7,897
Transportation and Housing and Urban Development	300
Military Construction and Veterans Affairs - Additional Appropriations	249
Security Assistance Appropriations Act	5,777
Total, Defense Appropriations	634,005
Final Sequestration Report Defense Category Limit	634,005
CONGRESSIONAL ACTION OVER(+)/UNDER(-) LIMIT	0
NON-DEFENSE CATEGORY	
Non-Defense Appropriations:	
Agriculture and Rural Development	21,095
Commerce, Justice, Science, and Related Agencies	51,645
Defense	138
Energy and Water Development	18,818
Financial Services and General Government	21,483
Homeland Security	47,263
Interior and Environment	32,678
Labor, HHS, and Education	163,110
Legislative Branch	4,442
Military Construction and Veterans Affairs	74,598
State and Foreign Operations	52,948
Transportation and Housing and Urban Development	59,432
Military Construction and Veterans Affairs - Additional Appropriations	50
Security Assistance Appropriations Act	4,300
Total, Non-Defense Appropriations	552,000
Final Sequestration Report Non-Defense Category Limit	553,553
CONGRESSIONAL ACTION OVER(+)/UNDER(-) LIMIT	-1,553
TOTAL DISCRETIONARY	
Total, Discretionary	1,186,005
Final Sequestration Report Total Category Limits	1,187,558
CONGRESSIONAL ACTION OVER(+)/UNDER(-) TOTAL OF LIMITS	-1,553
<i>Memorandum: CURES appropriations²</i>	
<i>Agriculture and Rural Development</i>	<i>20</i>
<i>Labor, HHS, and Education</i>	<i>852</i>

¹OMB scoring includes funds provided in each bill that have been designated as being for Overseas Contingency Operations/Global War on Terrorism, Emergency Requirements, Disaster Relief, or Program Integrity.

² The 21st 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.

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tration will not be required for either of the discretionary categories.

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 2017 through 2021. For 2017, both OMB and CBO include the defense and non-defense caps from each agency's 2017 update report and make adjustments to the caps pursuant to section 251(b)(2) of BBEDCA. CBO's estimate of the defense cap is \$5 million lower than OMB's estimate. This difference occurs because OMB increases the cap by \$3 million for the adjustment for technical estimating differences, which is required by section 7 of the CAA of 2017, and there exists an additional \$2 million difference due to rounding differences for the OCO/GWOT cap adjustment. For the non-defense cap, CBO's estimate is equal to OMB's estimate.

For the 2018 through 2021 caps, CBO begins with the same levels as OMB for the defense and non-defense caps. 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 Budgets that are specific to those years.

Although OMB and CBO have very similar estimates of the 2017 caps, differences do exist in the amount of enacted 2017 discretionary budget authority that is scored against the caps. Detailed explanations of the differences in enacted, full-year discretionary budget authority, including the differences highlighted above that result in different revisions to the caps, are available in the separate seven-day-after reports that were issued subsequent to enactment of each discretionary appropriations Act (see the most current "Seven-Day-After Reports" on OMB's website: <https://www.whitehouse.gov/omb/public-releases>).

Table 5. COMPARISON OF OMB AND CBO DISCRETIONARY SPENDING LIMITS

(Net budget authority in millions of dollars)

	2017	2018	2019	2020	2021
DEFENSE CATEGORY					
CBO Final Report Limit	634,000	549,024	562,025	576,028	590,031
OMB Final Report Limit	634,005	603,000	616,000	630,000	644,000
Difference +/-	+5	+53,976	+53,975	+53,972	+53,969
NON-DEFENSE CATEGORY					
CBO Final Report Limit	553,553	515,666	529,202	542,288	554,595
OMB Final Report Limit	553,553	553,000	566,000	578,000	590,000
Difference +/-		+37,334	+36,798	+35,712	+35,405
TOTAL DISCRETIONARY					
CBO Final Report,					
Total Discretionary	1,187,553	1,064,690	1,091,227	1,118,316	1,144,626
OMB Final Report,					
Total Discretionary	1,187,558	1,156,000	1,182,000	1,208,000	1,234,000
Difference +/-	+5	+91,310	+90,773	+89,684	+89,374

N/A = Not Applicable

