



Final Sequestration Report for Fiscal Year 2025

MARCH | 2025

Once full-year appropriations for federal activities funded by the 12 annual appropriation acts for a fiscal year are enacted, section 254 of the Balanced Budget and Emergency Deficit Control Act of 1985 (Public Law 99-177, as amended) requires the Congressional Budget Office to report estimates of the limits (often called caps) on discretionary budget authority that are in effect for that year.¹ CBO also must 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 For this report, CBO's calculations are based on the estimates it provided to the Congress when appropriation legislation was considered.

In CBO's estimation, a sequestration will not be required for 2025. However, the authority to make that determination—and, if so, how to cut budgetary resources—rests with the Administration's Office of Management and Budget (OMB). Those determinations are based on OMB's own estimates of federal spending and the caps. In some cases, those estimates may be different from CBO's and could indicate that total

funding is at or above the caps. OMB may adjust the caps by applying a technical estimating allowance when making that determination.³

Limits on Discretionary Budget Authority for 2025

The Fiscal Responsibility Act of 2023 (FRA, P.L. 118-5) reinstituted for 2024 and 2025 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 Full-Year Continuing Appropriations and Extensions Act, 2025 (P.L. 119-4), provides full-year appropriations for 2025, the limits on discretionary funding for 2025 as specified by section 101(a) of the FRA are in effect.⁴ Those limits total \$1,605.9 billion—\$895.2 billion for defense and \$710.7 billion for nondefense (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 2025 include discretionary funding provided in appropriation acts and other discretionary spending authority, for example 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. The technical allowance for estimating differences requires OMB to adjust discretionary caps for differences between its estimates and CBO's, up to 0.25 percent of total discretionary funding. For more information, see Drew C. Aherne and Megan S. Lynch, *Exemptions to the Fiscal Responsibility Act's Discretionary Spending Limits*, Report R48387, version 2 (February 2025), "Technical Adjustment (Allowance) for Estimating Differences," www.crs.gov/Reports/R48387.
4. In addition to P.L. 119-4, full-year appropriations for 2025 were provided by the Further Continuing Appropriations Act, 2025 (division A of P.L. 118-158), the Disaster Relief Supplemental Appropriations Act, 2025 (division B of P.L. 118-158), and the Continuing Appropriations Act, 2025 (division A of P.L. 118-83).

Table 1.

Limits on Discretionary Budget Authority for Fiscal Year 2025

Millions of dollars

	Defense	Nondefense	Total
Caps established by section 101 of the FRA	895,212	710,688	1,605,900
Adjustments			
Emergency requirements	11,775	117,770	129,545
Disaster relief	0	22,884	22,884
Wildfire suppression	0	2,750	2,750
Program integrity initiatives	0	2,531	2,531
Total adjustments	11,775	145,935	157,710
Adjusted caps for 2025	906,987	856,623	1,763,610
Appropriations for 2025	904,275	853,906	1,758,181
Memorandum:			
Discretionary funding not subject to the caps			
Funding referenced in section 103 of the FRA	20	68,777	66,797
21st Century Cures Act	0	177	177
Harbor Maintenance Trust Fund	0	2,829	2,829

Source: Congressional Budget Office. See www.cbo.gov/publication/61152#data.

FRA = Fiscal Responsibility Act of 2023.

Defense/Nondefense: Defense funding (in the law, *revised security*) consists of appropriations designated for budget function 050; all other discretionary appropriations are for nondefense (*revised nonsecurity*) funding.**Emergency requirements:** 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.**Disaster relief:** 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.**Wildfire suppression:** Funding designated under section 251(b)(2)(F) of the Deficit Control Act for activities related to wildland fire suppression.**Program integrity initiatives:** 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.**Funding referenced in section 103 of the FRA:** In keeping with section 103 of the FRA, certain appropriations for fiscal year 2025 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, and section 443 of division G of the Consolidated Appropriations Act, 2023.**21st Century Cures Act:** 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.**Harbor Maintenance Trust Fund:** 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.**CBO's Estimate of Cap Adjustments**

As specified in law, the caps are adjusted to accommodate certain types of spending.⁵ On the basis of CBO's estimates for full-year appropriations and authorities provided in appropriation legislation for 2025, CBO estimates that the adjustments to the caps for 2025

amount to \$157.7 billion. Those adjustments include \$11.8 billion for defense (entirely for emergency requirements) and \$145.9 billion for nondefense (\$117.8 billion for emergency requirements, \$22.9 billion for disaster relief, \$2.8 billion for wildfire suppression, and \$2.5 billion for program integrity initiatives).⁶

CBO's estimate of adjustments for nondefense emergency requirements includes \$12.4 billion in contingent

5. In keeping with section 103 of the FRA, calculations related to statutory caps and authorized adjustments exclude nearly \$69 billion in advance appropriations provided for 2025 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 2025 caps.

6. Program integrity initiatives 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.

emergency appropriations stemming from P.L. 119-4. On March 24, 2025, in accordance with section 251(a) (7) of the Deficit Control Act, OMB published a report summarizing its estimates of new budget authority provided by that law, which also includes \$12.4 billion in contingent emergency funding.⁷ However, also on that day, the President transmitted a message to the Congress indicating that he will not designate as emergency requirements certain appropriations totaling nearly \$3 billion.⁸ In the absence of such Presidential designations, those appropriations will not become available for obligation.

According to CBO's estimates provided to the Congress during legislative consideration, after authorized adjustments are made, the caps on budget authority for 2025 would total \$907 billion for defense programs and \$856.6 billion for nondefense programs—\$1,763.6 billion in all—and discretionary funding for 2025 would total \$1,758.2 billion that is subject to the caps and \$71.8 billion that is not. However, if OMB's forthcoming Final Sequestration Report is in keeping with the President's message regarding emergency designations, CBO expects that nondefense emergency budget authority for 2025 (and resulting cap adjustments) would be less. In either case, CBO estimates that sequestration will not be required.

7. See Russel T. Vought, Office of Management and Budget, letter to the Honorable Mike Johnson, providing a report on discretionary appropriation legislation within seven calendar days of enactment (March 24, 2025), <https://tinyurl.com/y7mjfxkv>.

8. See Donald J. Trump, President of the United States, memorandum to the Congress concerning the designation of funding as an emergency requirement (March 24, 2025), <https://tinyurl.com/26pauwzk>.

The caps still could be breached if lawmakers provided additional appropriations for 2025 before the end of the fiscal year without increasing the limits—unless those appropriations either fell into a category that caused a cap adjustment or were offset by reductions in funding for other programs.

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. An additional \$9.3 billion is 5 percent of the funding provided for emergency requirements under the Stafford Act over 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/4ycepr8x>. In keeping with CBO's mandate to provide objective, impartial analysis, the report makes no recommendations.

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Mark Hadley and Jeffrey Kling reviewed the report, Kate Kelly edited it, and R. L. Rebach prepared the text for publication. An electronic version is available at www.cbo.gov/publication/61152. CBO seeks feedback to make its work as useful as possible. Please send comments to communications@cbo.gov.



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