Discretionary Caps

THIRD WAY

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The Budget Control Act of 2011 established caps on how much discretionary spending is allowed in a given year – essentially a ceiling on the 302(a). Violate the caps and the President issues a sequestration order reducing the discretionary category by a flat percentage. There is a defense and non-defense cap. The caps became lower after failure of the 2011 joint select committee – “the sequester”. The caps have been adjusted a lot.
The statutory caps for 2019 are $153 billion higher as a result of the Bipartisan Budget Act of 2018.

Source: Author Calculations based on CBO Data
There is a Problem Coming Soon

BBA 2018 was only a 2 year fix. Unless congress acts, the sequester-level caps will govern FY 2020. This results in a $126 billion nominal cut to discretionary BA.

Source: Author Calculations based on CBO Data
Nominal Cuts Scheduled to Occur

BBA 2018 was only a 2 year fix. Unless congress acts, the sequester-level caps will govern FY 2020. This results in a $77 billion cut to defense discretionary BA and a $55 billion cut NDD BA.

Source: Author Calculations based on CBO Data, CRS
Questions?

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