

OMB Says No Sequestration for FY 2015

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It's official! The Office of Management and Budget (OMB) has announced that for fiscal year (FY) 2015, federal agencies will not have to worry about sequestration-related budget cuts. That's now two years in a row that sequestration has been removed from the radar.

In their latest [sequestration update report](#) to Congress, OMB provides their analysis as to why agencies have dodged the sequestration bullet as laid out in the 2011 Budget Control Act (BCA). The report was recently addressed in a Federal News Radio [article](#).

The biggest reason agencies are not feeling quite the same sequestration pressure is because Congress worked out a deal back in 2013 to this effect. Under the two-year Bipartisan Budget Act (BBA) of 2013, which covered FY 2014 and FY 2015 budget levels, agencies were subject to smaller reductions in the spending caps in 2015 than originally set forth in the BCA.

In the report OMB shows that the defense discretionary budget for FY 2015 of \$585.9 billion is down more than \$20 billion from FY 2014's \$606.3 billion level, but is coming in right at the revised spending limit under the BBA. In the non-defense discretionary spending category, federal departments and agencies could spend up to \$514.1 billion under the BBA for FY 2015, which would be an increase of more than \$9 billion from the \$504.8 billion level in FY 2014. However, Congress appropriated nearly \$4 billion less than the overall BBA limit for FY 2015. (See table below.)

Discretionary Budgets - Authorization Limits vs. Appropriations (\$B)

| | 2014 | | | 2015 | | |
|-------------|-------|---------|------|-------|---------|------|
| | Limit | Approp. | \$ Δ | Limit | Approp. | \$ Δ |
| Defense | 606.3 | 606.3 | 0 | 585.9 | 585.9 | 0 |
| Non-Defense | 504.8 | 502.8 | -2 | 514.1 | 510.4 | -3.7 |

Source: OMB

Given that Congress has the Department of Homeland Security (DHS) operating under continuing resolution (CR) until mid-February it is possible that some of this budget breathing room will be used when Congress finishes its [DHS appropriations bill](#) in the coming weeks.

Implications

As law, the "sequestration ball" remains in the hands of Congress to determine how to move forward. OMB recognizes that "the BBA restored \$22.4 billion each (\$44.8 billion in total) to the 2014 defense and non-defense categories and replaced the reductions for 2015 that would have taken place with smaller reductions of \$44.7 billion to the defense cap and \$27.6 billion to the non-defense cap." So Congress provided some budgetary relief and breathing room without completely overturning sequestration rules set in the 2011 BCA.

The big question is whether Congress will take similar action for FY 2016 and beyond, or possibly even remove the BCA caps all together – a possibility that remains unclear with the increase in Republican majority in the House and a new Republican majority in the Senate. One thing seems certain. Unless the Congress takes actions similar to the 2013 BBA the sequestration reductions in the BCA will remain the discretionary caps for 2016 through 2021. That will surely color the debate over the [FY 2016 budget which was just released](#) this week.

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