



# Mike Enzi, Chairman

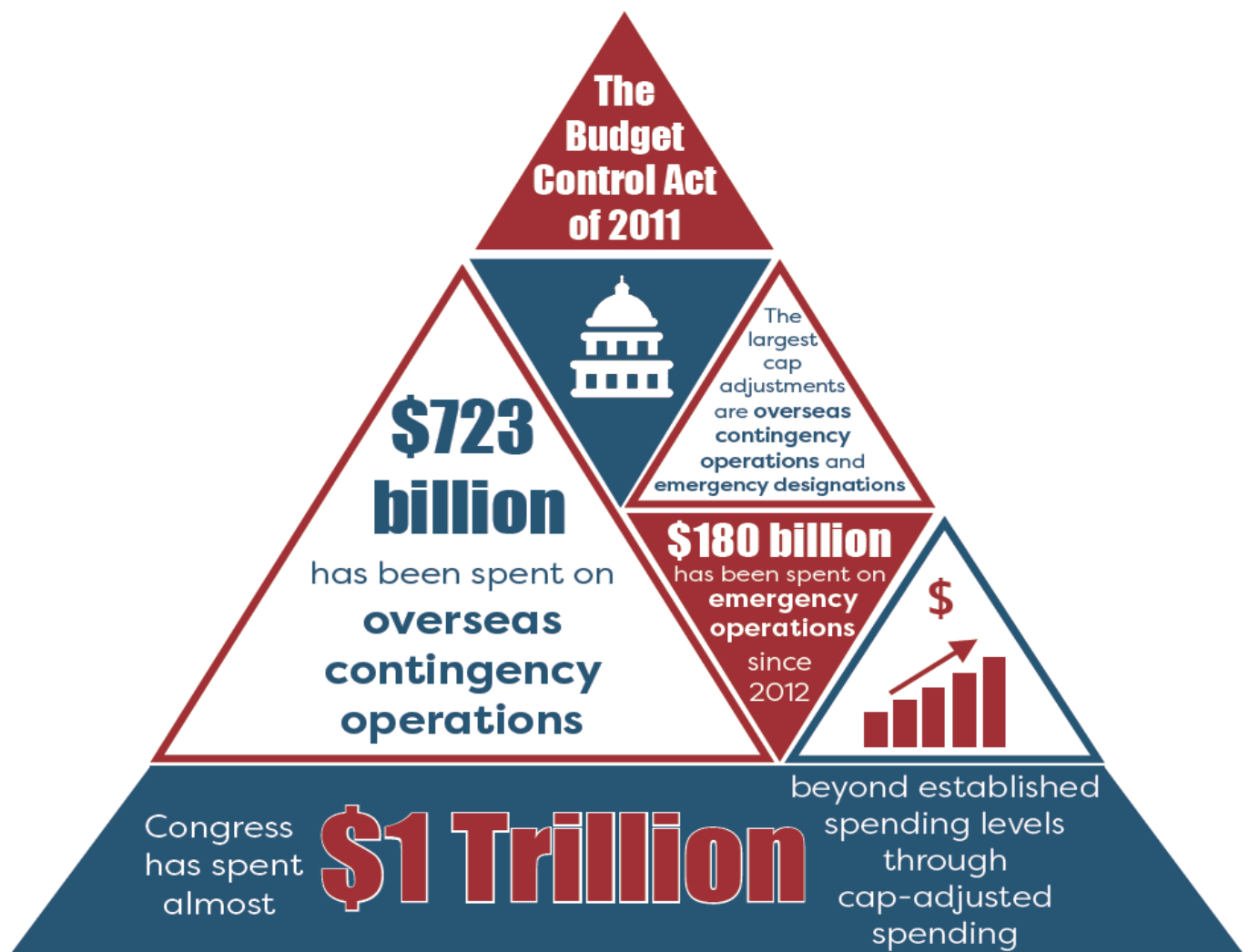
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## BUDGET ROUNDUP: Review of Almost \$1 Trillion in Cap-Adjusted Spending

### KEY TAKEAWAYS

- Cap adjustments have allowed Congress to increase spending beyond the levels set forth in the Budget Control Act of 2011.
- These cap adjustments have resulted in almost \$1 trillion in additional spending.
- The BCA contains several cap adjustments to increase spending for specified purposes, including emergencies, disasters, program integrity, and overseas contingency operations (OCO), without breaching the law's spending limits.
- The largest cap adjustments are the OCO and emergency designations. Since FY 2012, this has resulted in an additional \$723 billion in overseas contingency operations spending not subject to the BCA's discretionary caps, while the emergency designation has resulted in \$180 billion in additional spending.



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### A Brief History of the Budget Control Act of 2011

- The Budget Control Act was enacted in 2011 as a compromise to raise the nation's debt limit in exchange for significant reductions in federal spending.
- The law capped discretionary spending through fiscal year 2021 with the intention of reducing spending by more than \$900 billion.
- It also created a Joint Select Committee charged with further reducing the deficit and provided enforcement procedures to lower spending automatically if the Select Committee failed to meet its target.
- The Select Committee failed to come up with an agreement to reduce the deficit. Starting in 2013, and then again in 2015 and 2018, Congress passed two-year spending deals to increase the BCA caps legislatively. These are in addition to the nearly \$1 trillion in cap-adjusted spending.

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The different types of cap adjustments can be split into three different categories:

- **Adjustments without a ceiling.** These raise the caps as much as is appropriated, as long as Congress and the President agree on the designation. This category includes OCO and emergency designations.
- **Formula-Driven.** The disaster relief cap adjustment has a maximum adjustment the Office of Management and Budget (OMB) calculates annually based on a statutory formula.
- **Adjustments with base requirements.** These have a maximum adjustment and can only be used if Congress first provides a specific amount of non-adjusted appropriations. This category includes four program integrity adjustments and wildfire suppression activities. The wildfire suppression adjustment does not come into effect until FY 2020.

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### ADDITIONAL RESOURCES ON THE BUDGET CONTROL ACT AND CAP-ADJUSTED SPENDING

- [Senate Budget Committee Hearing on Cap-Adjusted Spending](#)
- [Budget Bulletin: Cap Adjustments: How the Government Raises Its Spending Limit](#)
- [Budget Bulletin: Spending Caps and the New Fiscal Cliff](#)