



# United States Senate Budget Committee

**JEFF SESSIONS | Ranking Member**

## Effects Of The Budget Control Act Sequester On Defense Spending

The Budget Control Act imposed caps on discretionary spending and provided a mechanism for achieving an additional \$1.5 trillion in deficit reduction over the next 10 years through the Joint Select Committee on Deficit Reduction (the so-called supercommittee). The failure of the supercommittee to find that additional deficit reduction will cause a \$1.2 trillion spending reduction over 2013-2021 through an across-the-board process known as sequestration. The sequester will achieve \$492 billion in savings from defense, and an equal amount from the remaining 5/6 of the budget, which covers non-defense discretionary spending and entitlement programs. This will result in a total of approximately \$1 trillion in defense cuts relative to the president's request over the next 9 years.

Under the fallback sequester, defense spending will increase by 2 percent over the next 9 years relative to the president's request for 2012. (This is sharply below the rate of inflation, which will increase by 21 percent over the same period.) By contrast, the other 5/6 of the budget will increase by 68 percent. A comparison to the CBO baseline produces a highly similar result. In real terms, this represents an approximately 20 percent net reduction in defense spending and an approximately 50 percent net increase in cumulative non-defense spending.

The following table shows the impact of the fallback sequester on defense discretionary versus select mandatory spending programs.

### Sequester Affects Defense More Than Other Programs

(Nominal \$ in Billions of Budget Authority)

<u>Program</u>	<u>2012</u>	<u>2021</u>	<u>2012-2021 % Increase</u>
<b>Medicaid</b>			
<i>President's Budget Request</i>	260	550	112%
<i>With Fallback Sequester</i>		550	112%
<b>Medicare</b>			
<i>President's Budget Request</i>	488	862	77%
<i>With Fallback Sequester</i>		845	73%
<b>Social Security</b>			
<i>President's Budget Request</i>	764	1,270	66%
<i>With Fallback Sequester</i>		1,270	66%
<b>Income Security (ex.UI)</b>			
<i>President's Budget Request</i>	391	438	12%
<i>With Fallback Sequester</i>		433	11%
<b>Defense (ex. War)</b>			
<i>President's Budget Request</i>	578	697	21%
<i>With Fallback Sequester</i>		<b>589</b>	<b>2%*</b>

Source: CBO Reestimate of the President's FY 2012 Budget Request and CBO Report "Estimated Impact of Automatic Budget Enforcement Procedures Specified in the Budget Control Act," Sept. 12, 2011.

\* In real terms, this is a 22-percent reduction below the president's request.

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(Nominal \$ in Billions of Budget Authority)

<u>Program</u>	<u>2012</u>	<u>2021</u>	<u>2012-2021 % Increase</u>
<b>Social Security</b>			
<i>CBO Baseline</i>	764	1,272	66%
<i>With Fallback Sequester</i>		1,272	66%
<b>Medicare</b>			
<i>CBO Baseline</i>	477	821	72%
<i>With Fallback Sequester</i>		804	69%
<b>Medicaid</b>			
<i>CBO Baseline</i>	260	560	115%
<i>With Fallback Sequester</i>		560	115%
<b>Defense</b>			
<i>CBO Baseline</i>	561	698	24%
<i>With Fallback Sequester</i>		<b>589</b>	<b>5%</b>
<b>Income Security (ex. UI)</b>			
<i>CBO Baseline</i>	388	400	3%
<i>With Fallback Sequester</i>		395	2%

Source: CBO March Baseline and CBO Report "Estimated Impact of Automatic Budget Enforcement Procedures Specified in the Budget Control Act," Sept. 12, 2011.