The “Sequester”

By: Congressman Reid Ribble

What is the Sequester?

- The Sequester is the result of the 2011 Budget Control Act.
- Sequester spending cuts start March 1st.
  - $85.3 Billion in total cuts
    - $42.7B from defense spending (except military personnel)
    - $42.7B from non-defense programs
      - $10B from Medicare providers
      - $4B from other mandatory programs
      - $29B from the rest of the non-defense discretionary budget

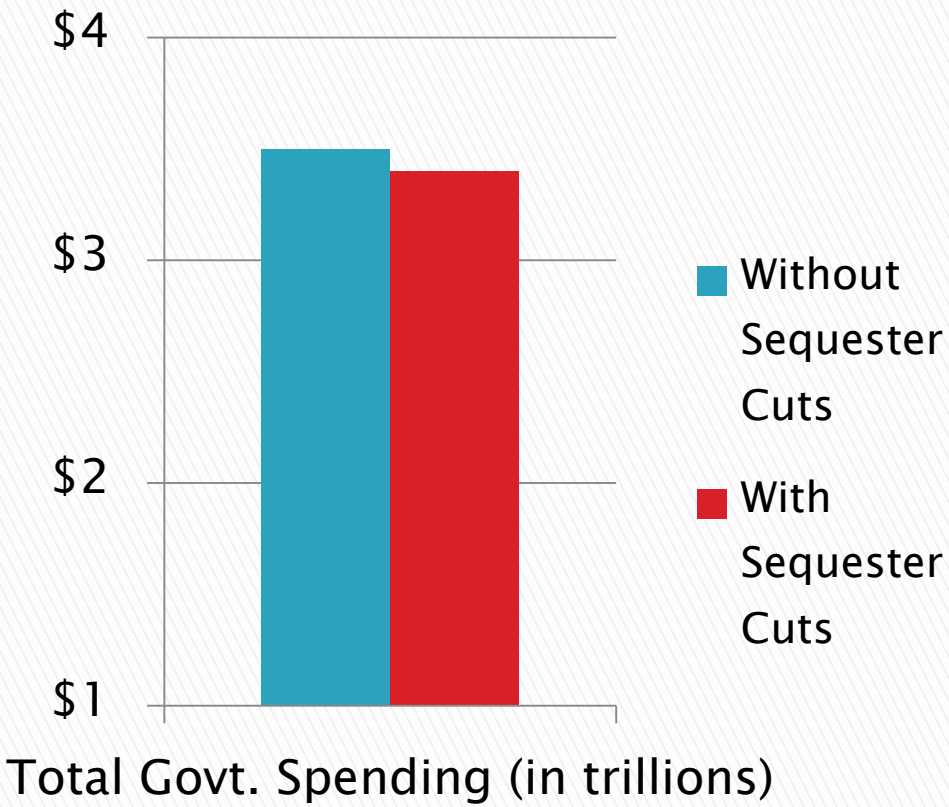
Source: BCA, House Budget Committee

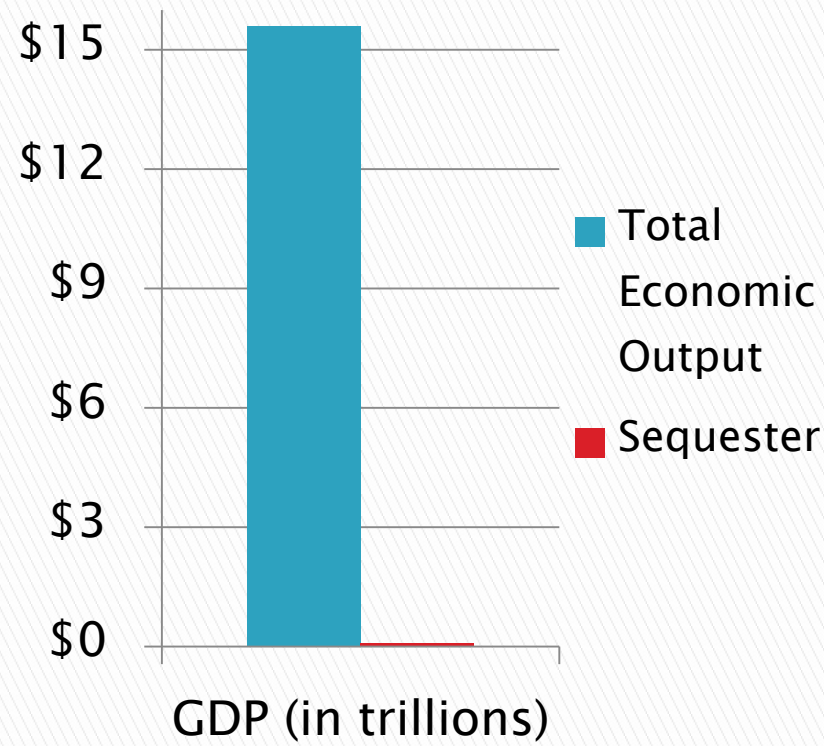
How the Cuts Will Be Made?

- Congress has already set the spending caps through the 2011 Budget Control Act.
- Under that Act, the Federal Government must reduce spending by $85 billion equally between defense and non-defense programs.
- The Office of Management and Budget (OMB) has discretion over which specific programs will be cut.

Source: BCA, House Budget Committee

What will the budget look like if the Sequester happens?

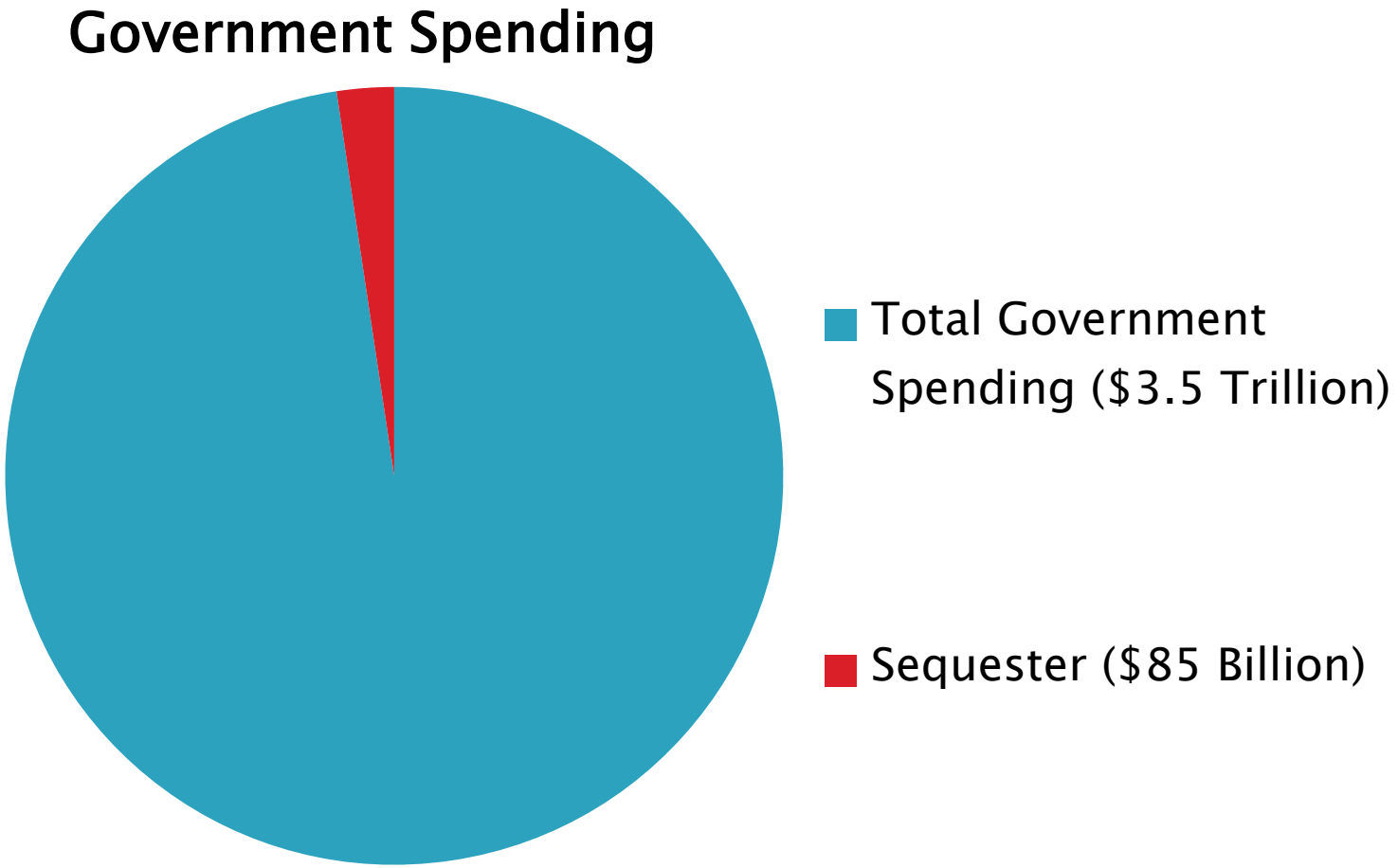




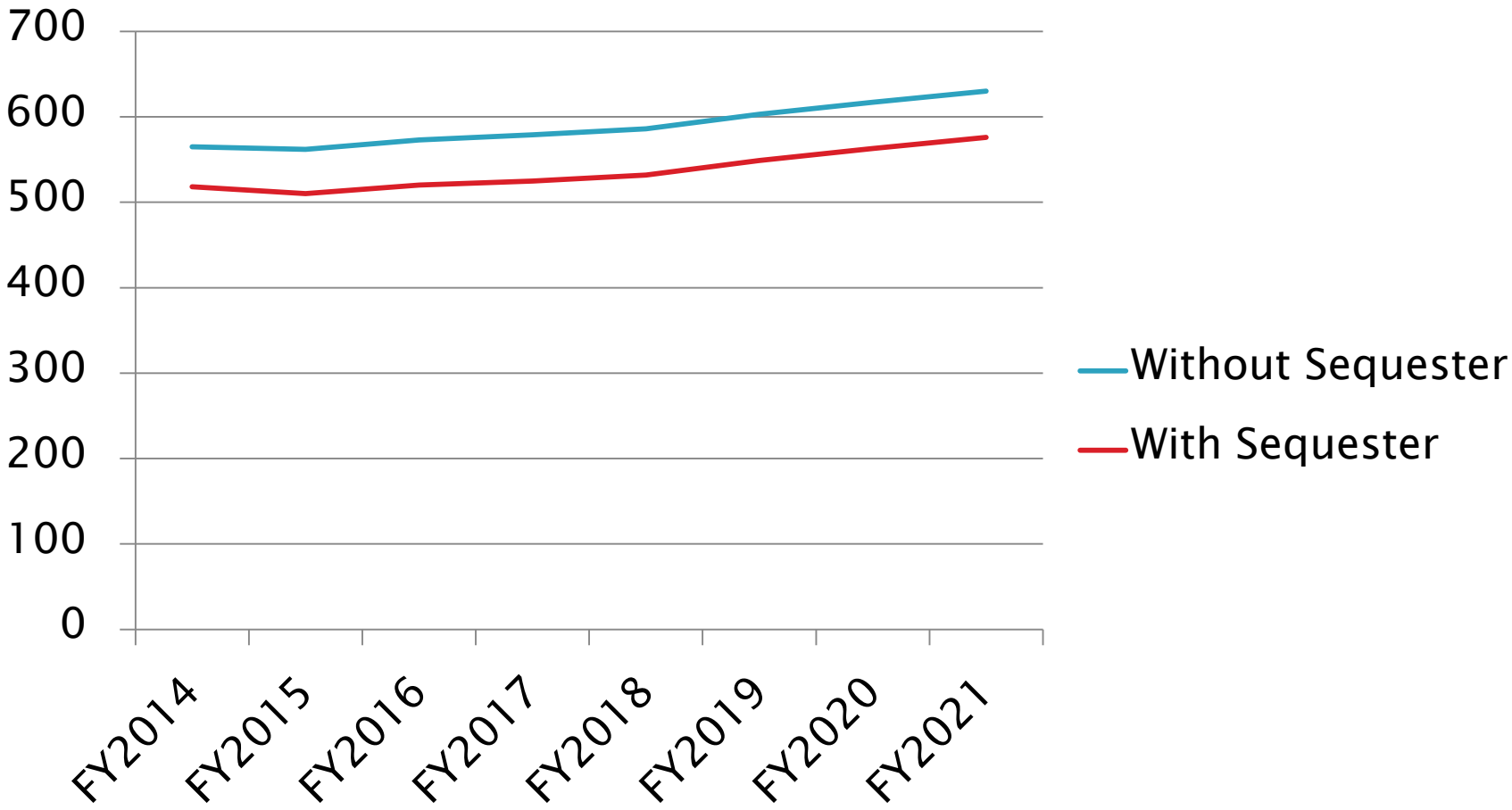
Sequestration effect on all govt. spending (2.5% of govt. $)

Sequestration effect as part of GDP (.5% of GDP)

What will the budget look like if the Sequester happens?

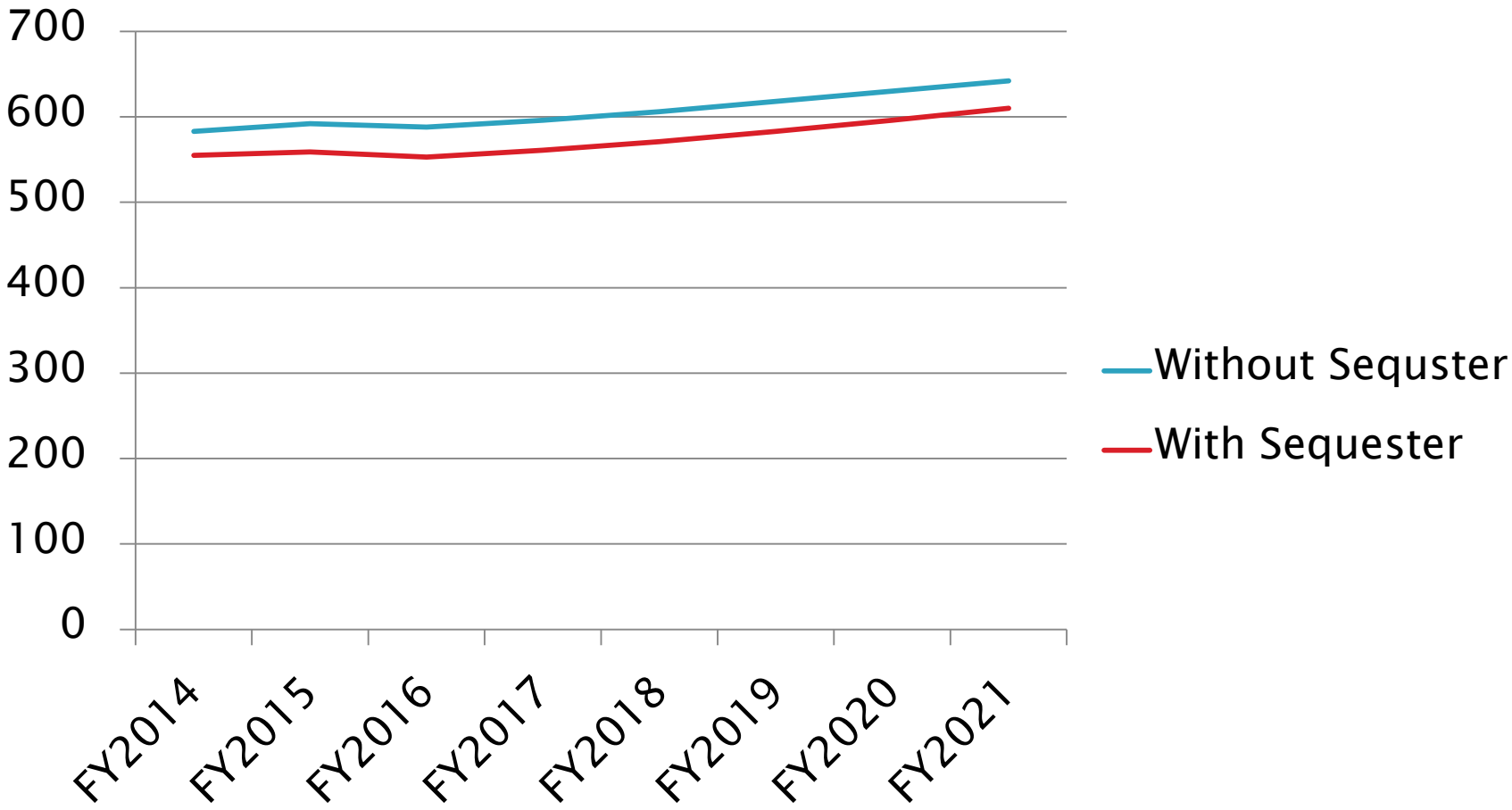


Defense Spending Growth Over the Decade



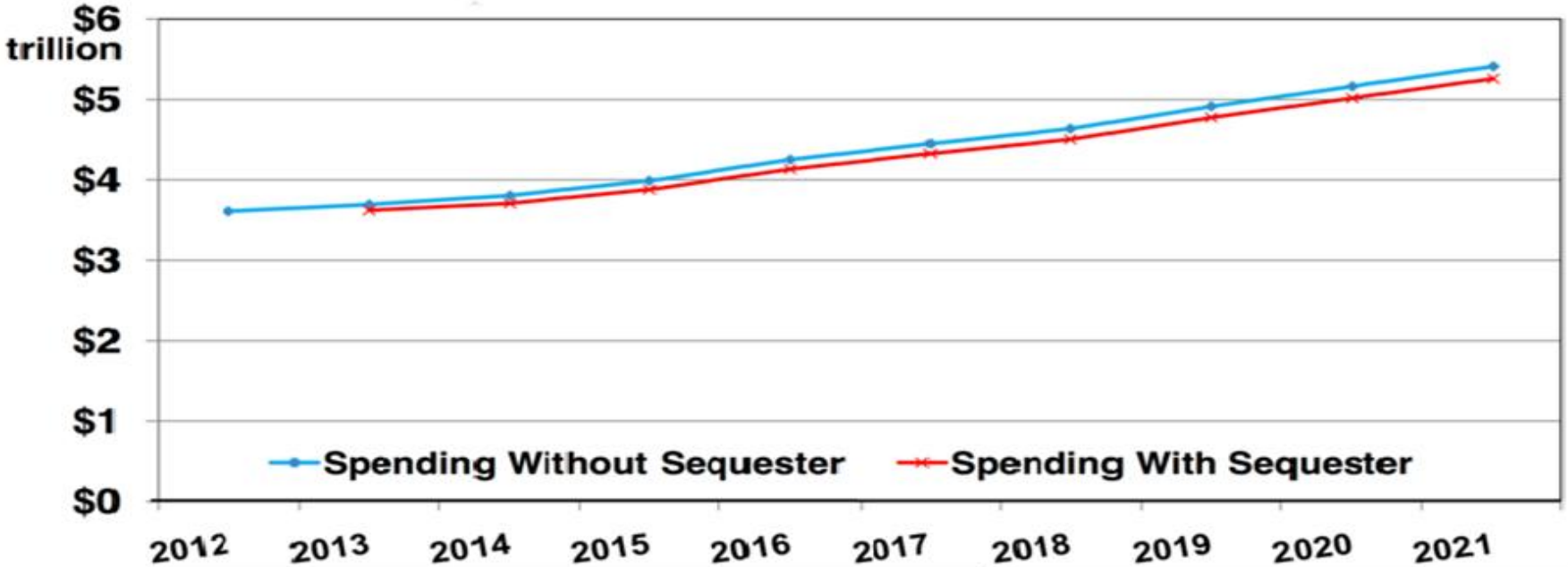
Source: CBO, House Budget Committee

Non-Defense Spending Growth Over the Decade



Source: CBO, House Budget Committee

Federal Spending With & Without the Sequester



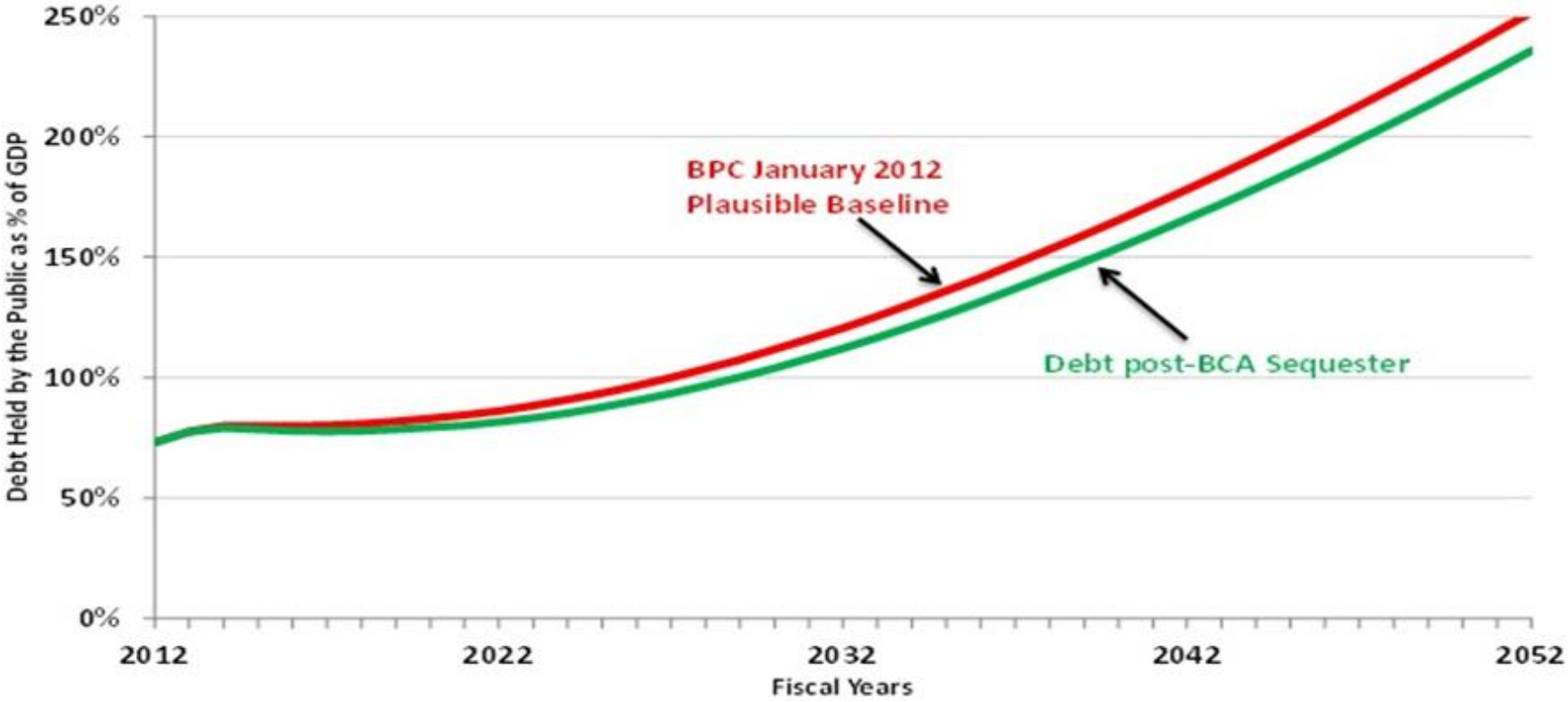
Spending Increase Between 2013-2021		
	Without	With
Defense	20%	18%
Nondefense Discretionary	14%	12%
Medicare	62%	62%
Other Mandatory	51%	51%
Net Interest	152%	136%

Source: Congressional Budget Office

Produced by: Veronique de Rugy, Mercatus Center at George Mason University

Long-Term Debt Impact from Full Sequester

- Sequester delays national debt reaching 100% of GDP by only 2 years



Sources: CBO, Bipartisan Policy Center

Conclusion

- Congress must address our nation's growing entitlement programs and their impact on our nation's budget.
- Sequestration can be improved by providing federal agencies greater discretion to cut wasteful spending.
- Now is the time cut spending. Pushing these decisions further down the road will only makes our nation's fiscal situation worse.