

The “Sequester”

By: Congressman Reid Ribble

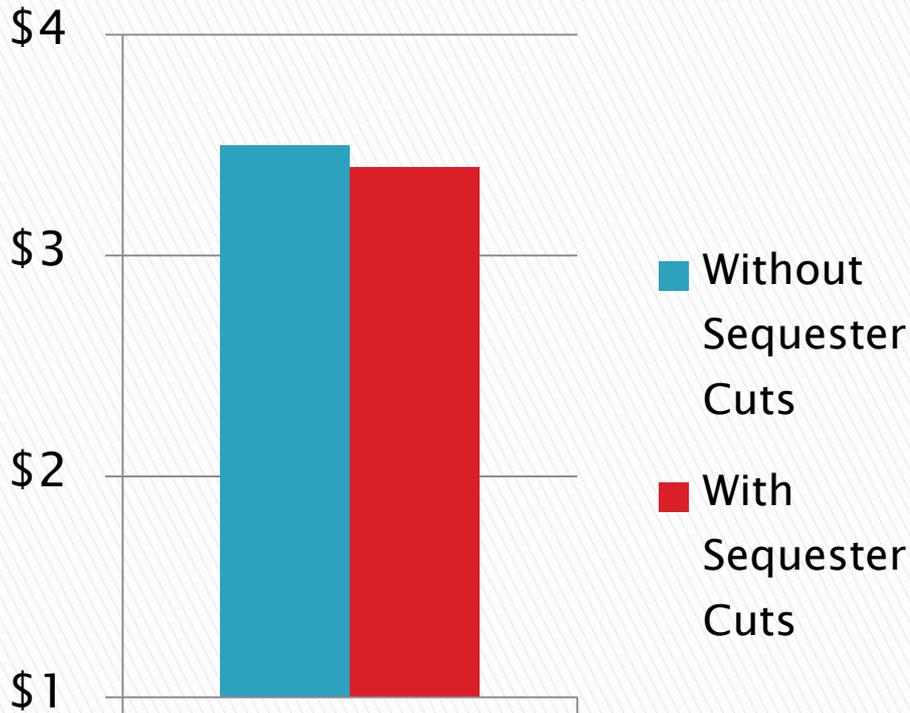
What is the Sequester?

- ▶ 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

How the Cuts Will Be Made?

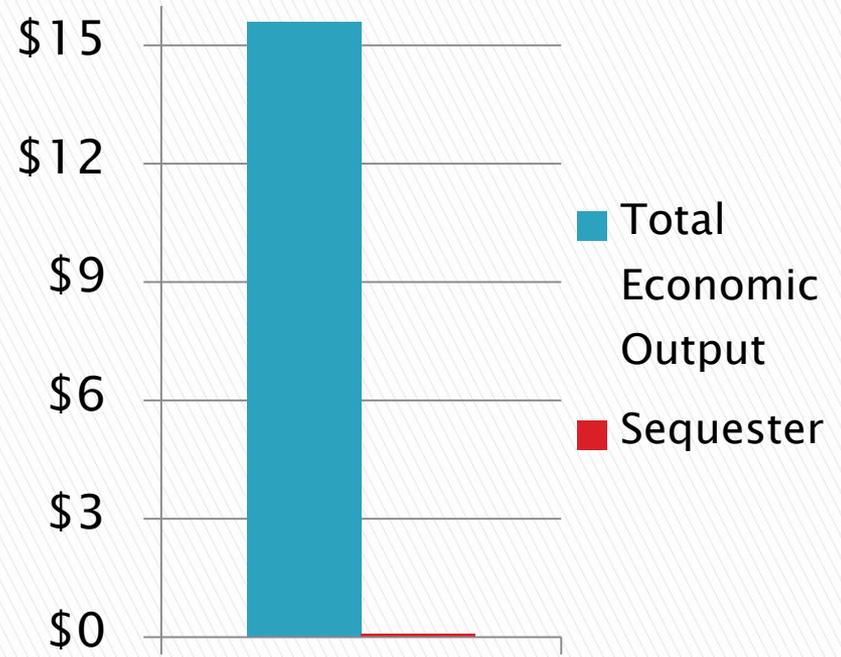
- ▶ Congress has already set the spending caps through the 2011 Budget Control Act.
- ▶ Under that Act, the Federal Government must reduce spending by \$85 billion equally between defense and non-defense programs.
- ▶ The Office of Management and Budget (OMB) has discretion over which specific programs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

What will the budget look like if the Sequester happens?



Total Govt. Spending (in trillions)

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

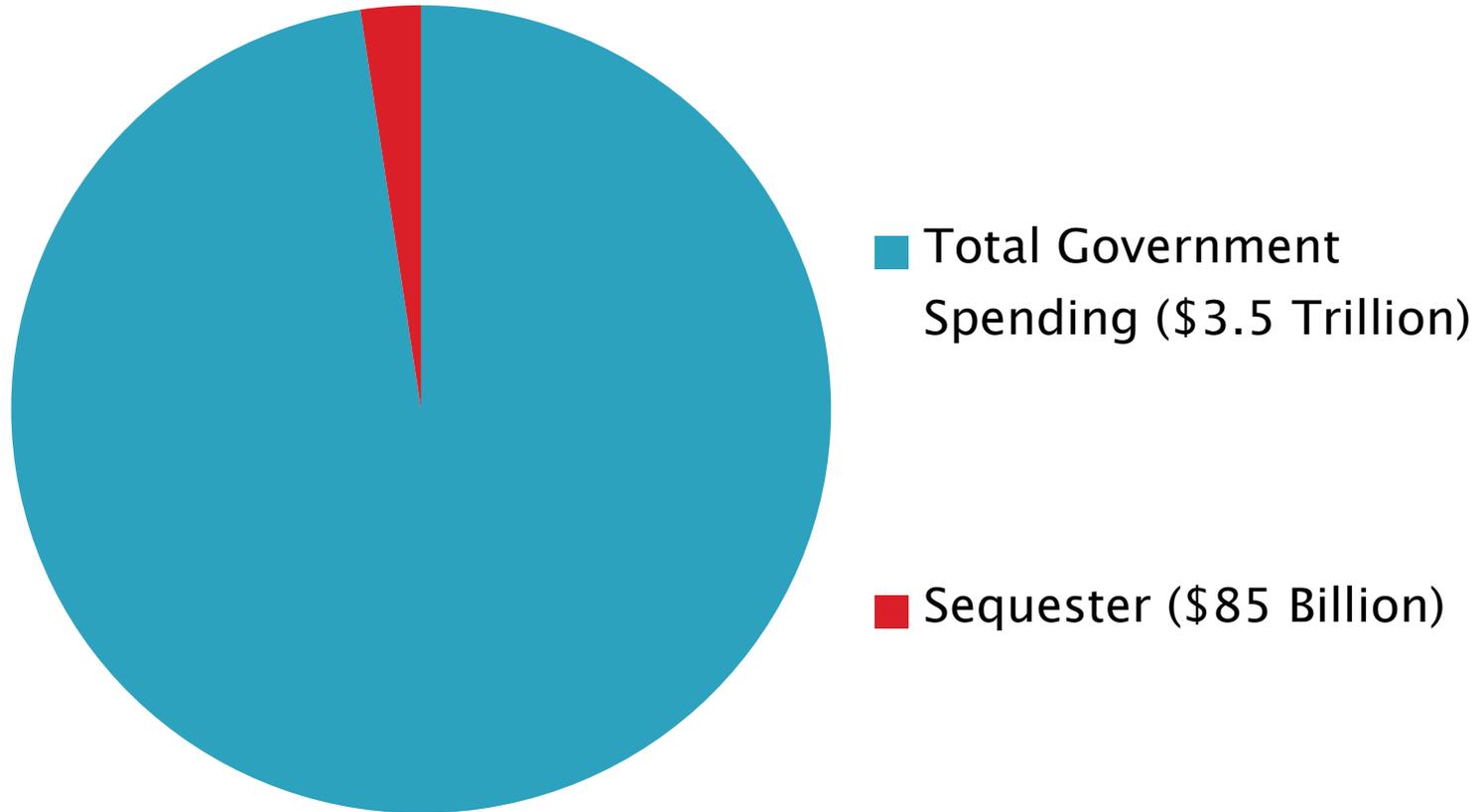


GDP (in trillions)

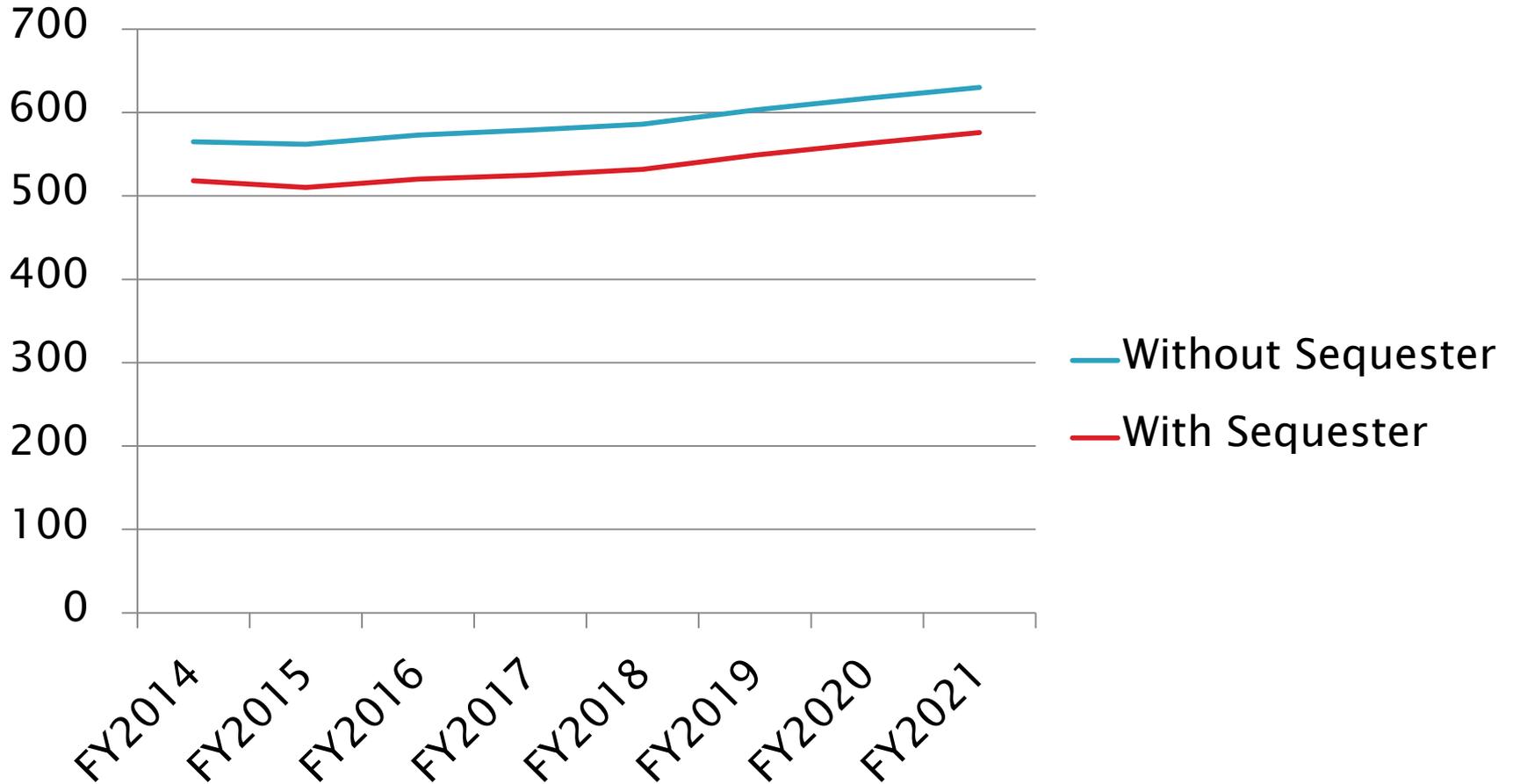
Sequestration effect as part of GDP (.5% of GDP)

What will the budget look like if the Sequester happens?

Government Spending

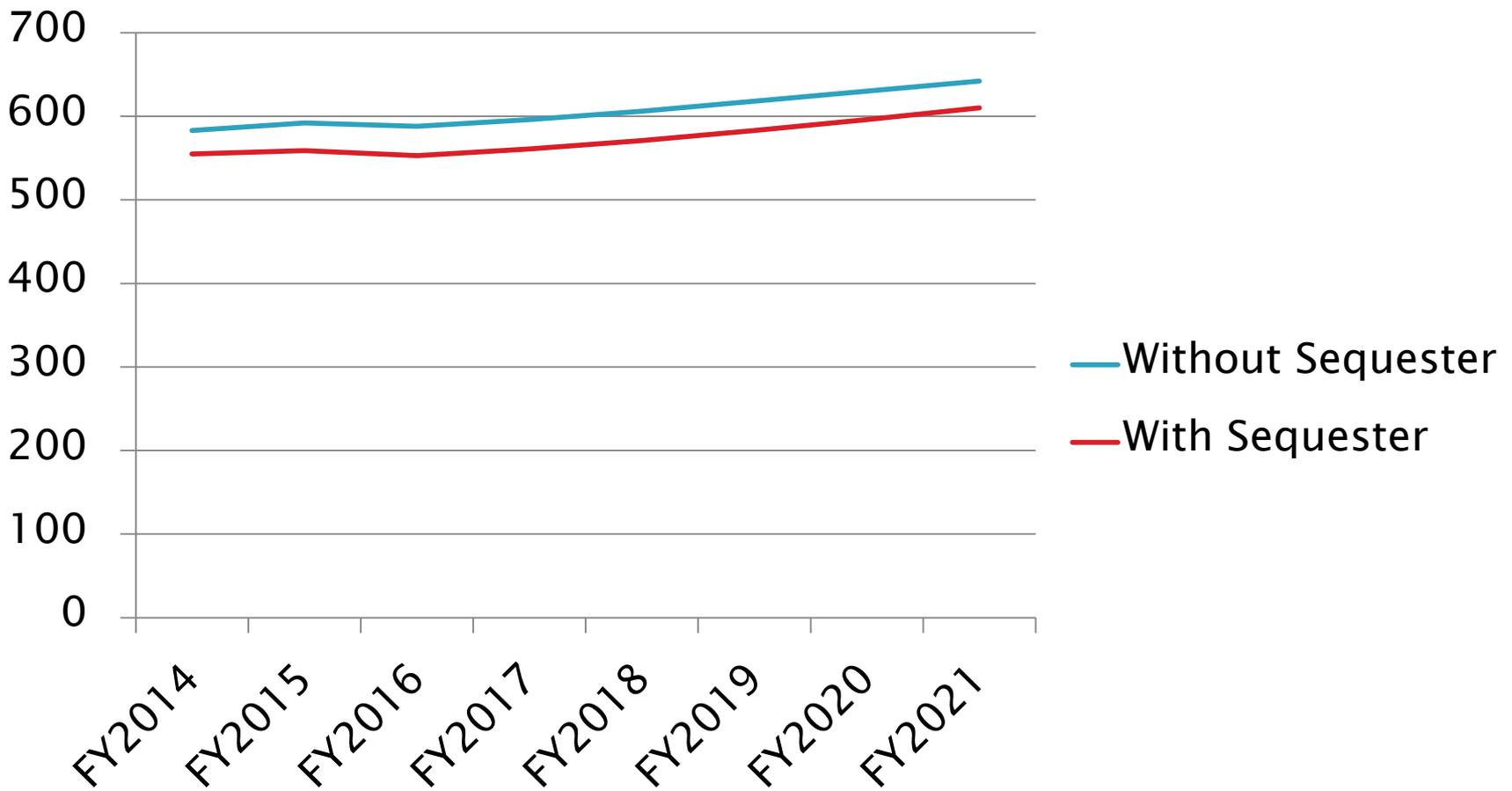


Defense Spending Growth Over the Decade



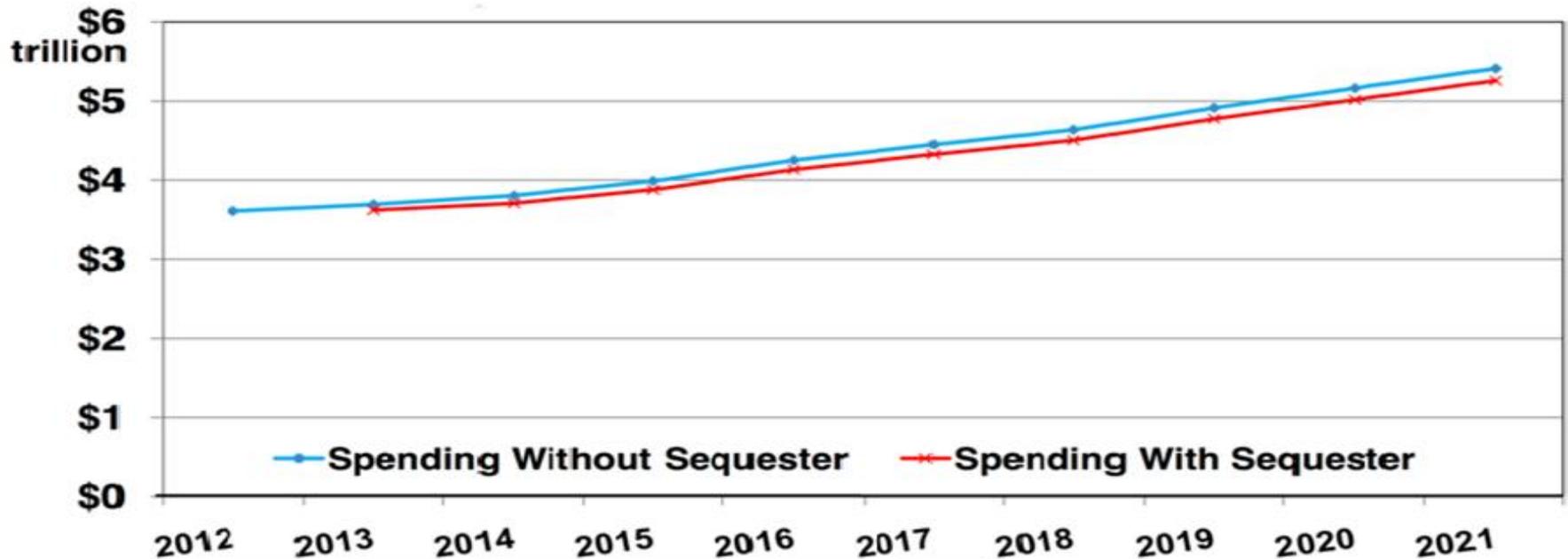
Source: CBO, House Budget Committee

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%

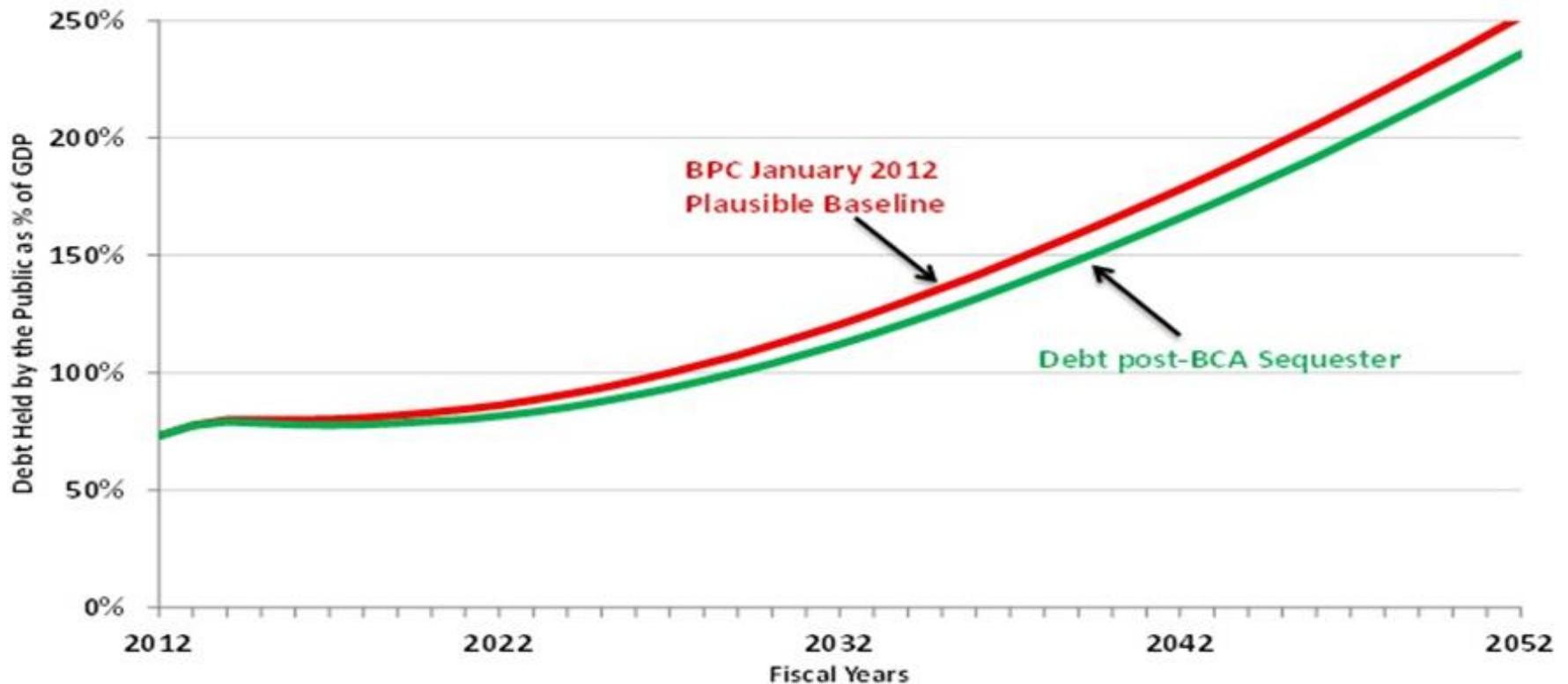


Source: Congressional Budget Office

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



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 to cut spending. Pushing these decisions further down the road will only make our nation's fiscal situation worse.
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