

EPIC Analysis: Sequester Impacts for Potential FY24 Spending Options

Congress is considering three major options for discretionary spending for the remainder of fiscal year 2024: (1) a short-term continuing resolution (CR), (2) a full-year CR, and (3) a full-year appropriations package at levels established under the Johnson-Schumer spending deal.

The Fiscal Responsibility Act included *two different potential caps*: either Sec. 101 in the case of full year appropriations, or Sec. 102 in the case of a short-term CR on April 30, 2024.

Under the FRA, only a short-term CR in effect on April 30, 2024, will trigger a 1% sequester across all discretionary spending (defense and non-defense discretionary).

Any full-year appropriations package, including a full-year CR, does *not* trigger the 1% sequester. Instead, the FRA statutory caps for defense and non-defense discretionary spending apply. Those are outlined in Table 1. Only appropriations bills spending *above* those caps would snap back down to FRA cap levels. **This means no defense cuts under a full-year CR.**

A full-year appropriations package *and* a full-year CR are subject to the same FRA statutory discretionary caps. However, a full-year CR should *not* include the side deals and gimmicks already included in the Johnson-Schumer spending deal.

Table 1. Sequester Impacts for FY 2024 Under Various Funding Scenarios
(Billions of Dollars)¹

	Short-Term CR (CR Apr. 30–Sept. 29)	Full-Year CR (CR through Sept. 30)	Johnson-Schumer (Package through Sept. 30)
What does this bill include? What does it look like?	Short-term “stop gap” CR that does not go through the rest of the year.	CR for the remainder of FY24 for all 12 appropriations bills.	All 12 appropriations bills passed (omni, minibuses, etc.) + side deals.
How much does this spend subject to FRA caps?	DOD = 860 NDD = 777 Other ² = 54	DOD = 860 NDD = 777 Other = 54	DOD = 886 NDD = 704 Other = 95
How much is total discretionary w/ gimmicks?	1,690	1,690	1,685
Which FRA cap applies?	<u>Sec. 102</u> ³ (1% sequester)	<u>Sec. 101</u> ⁴ (numerical cap)	<u>Sec. 101</u> (numerical cap)
Would there be a sequester?	DOD: YES (-\$10) NDD: YES (-\$41)	DOD: NO NDD: YES (-\$73)	DOD: NO NDD: NO ⁵
When is the cap enforced?	On April 30, 2024, not before	Within 15 days of enactment	Within 15 days of enactment of the last enacted bill
<i>End Result Subject to Caps</i>	DOD = 850 NDD = 736	DOD = 860 NDD = 704	DOD = 886 NDD = 704 ⁵
Total Discretionary Spend	1,614 + supp?	1,617 + supp?	1,685 + supp?

¹Numbers may not add due to rounding.

²Other = Adjustments + Gimmicks. For more details, see “[EPIC Analysis: Comparative Tables for FY24 Spending Deals](#),” Jan. 10, 2024.

³Sec. 102 of the FRA sets the sequester for a short-term CR at the Pelosi FY23 Omnibus – 1% across-the-board.

⁴Sec. 101 of the FRA sets a dollar amount *not* a 1% cut as the sequester for exceeding the FRA caps. This cap also applies across-the-board for each category, but under a full-year CR, a sequester is *necessary only* for non-defense discretionary funding.

⁵A sequester is avoided under Johnson-Schumer thanks to gimmicks employed to avoid enforcement of the FRA caps.