

COALITION *for* HEALTH FUNDING

Sequestration 101

Confusion abounds about sequestration, and understandably so. It's one of the most wonky, arcane, and "inside baseball" budgetary concepts around. This primer is meant to help you understand what it is—and what it isn't—and what it all means for defense and nondefense programs.

Sequestration = #EpicFail

The Budget Control Act of 2011 (P.L. 112-25) established caps on discretionary spending over 10 years, resulting in \$1 trillion in cuts spread across defense and nondefense discretionary (NDD) programs such as public health, science, education, infrastructure, housing, natural resources, social services, and public safety. The law also directed a congressional Joint Select Committee on Deficit Reduction to identify an additional \$1.2 trillion in budgetary savings over ten years.

The failure of the bi-partisan "Super Committee" to come to an agreement on a balanced, deficit reduction plan triggered "sequestration" in 2013, resulting in **another \$1 trillion in cuts, evenly divided between defense and nondefense programs**, over nine years.

Here's what you need to remember most...

- **Sequestration is not an "across-the-board cut."** The only year in which sequestration was truly applied across the board to all "programs, projects, and activities" was 2013—the first year it was effective. Between 2014 and 2021, *sequestration simply lowers the funding caps* set in the Budget Control Act in advance of the annual appropriations process.
- **Ryan-Murray deal did not end sequestration.** The Bipartisan Budget Act of 2013 negotiated by Rep. Paul Ryan and Senator Patty Murray *did not* end sequestration; it merely provided *partial and temporary* relief in 2014 and 2015. Sequestration returns in full in 2016—unless Congress acts to replace it.

It's All About The Base(line)

Numbers are always relative, so mind the starting point when trying to understand both the magnitude of budget cuts, and their impact on programs and the people who rely on them.

The Budget Control Act established two separate caps, one on defense and one on nondefense spending. While the underlying caps were slated to grow roughly at the rate of inflation, sequestration has reduced those caps and has taken away most of the year-to-year increases since 2014. As a result, with sequestration fully in place in 2016, the defense cap would rise by just 0.3 percent relative to 2015 and the non-defense cap by just 0.2 percent – effectively flat funding (see Table 1).

Table 1. Discretionary Caps After Sequestration (\$ in billions)				
	2014*	2015*	2016**	Change, 2015 to 2016
Defense Discretionary	520.5	521.3	523.1	+1.8
Nondefense Discretionary	491.8	492.4	493.5	+1.1

*Reflects relief provided in the Bipartisan Budget Act of 2013

**Assumes full sequestration

Here's what you need to remember most...

- **Spending today is much less than in 2010.** The small increases allowed under sequestration are coming on top of **five previous years** of tight limits on spending. Adjusting only for general inflation, with sequestration fully in place in 2016 **defense appropriations would be 15 percent below 2010 and nondefense appropriations would be 17 percent below.**
- **Spending today is at all time lows.** On a historical basis, spending on defense and nondefense programs is already very low relative to our nation's economy or GDP. In fact, in 2016 these discretionary programs are on track to be at their **lowest level in decades**—just 6.2 percent of GDP.
- **Spending today is squeezed by other factors.** In addition to general inflation, there's the impact of population growth and growth in "must-pay" programs such as veterans' health benefits, where costs increase every year and crowd out funding available for other important government functions.

The Levels Are Too Low

The bottom line: the discretionary funding levels are just too low to strengthen our national security abroad and economic security at home.

So what can policymakers do about it? The Coalition for Health Funding joins 2,100 national, state, and local organizations in urging lawmakers to **replace sequestration in 2016 and beyond with a bipartisan, balanced approach to deficit reduction.**

And because both the Budget Control Act and the Bipartisan Budget Act recognized that defense and nondefense programs contribute equally to the American way of life and that each deserves equal relief from sequestration, **lawmakers should adhere to this "parity principle" in any sequestration relief package.**

Established in 1970, the Coalition for Health Funding is the oldest and largest nonprofit alliance working to protect health investments. Our member organizations together represent more than 100 million patients, health care providers, public health professionals, and scientists. For more information, visit www.publichealthfunding.org.