

2014 Outlook

Pam Haze

Department of the Interior

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Background

- Budget Control Act of 2011 (P.L. 112-25) mandates deficit reduction between 2012 and 2021
 - Imposes automatic procedures to reduce spending by \$1.2 trillion in the absence of Congressional action
 - At the end of each congressional session, OMB determines spending levels as compared to spending caps
- American Taxpayers Relief Act of 2012 delayed the first sequester that was supposed to happen January 2013 until March 1, 2013 and reduced it by \$24B resulting in a reduction of \$85B
- Some accounts are exempt from sequestration in accordance with the law.
 - Consistent with the Balanced Budget and Emergency Deficit Control Act of 1985

2013 Sequester Facts

- Sequester applies to all budgetary resources in the government –mandatory and discretionary and defense and non-defense
 - For 2012 and 2013 spending caps were divided between security and non-security
- Sequestration in 2013 was:
 - 7.8% defense discretionary
 - 7.9% defense mandatory
 - 5% for non-defense discretionary
 - 5.1% for non-defense mandatory spending
 - Estimated \$865 million reductions in DOI

Sequester for 2014

- The President's April 10, 2013 Sequester Report to Congress estimates the annual sequester amount of \$109B
 - In discretionary and mandatory spending
- An additional cut of \$24B beyond the 2013 cut of \$85B
- Anticipate overall sequester of 7.2%. An additional cut of 2.2% beyond the 5% sequester in 2013.
- Conference Committee plan due December 13 – intending to address the sequester.
- Threat or Incentive to reach agreement is Defense – sequester to take place in January would impact defense.

Discretionary Spending

- The 2014 Continuing Resolution (through Jan. 15, 2014) establishes an annualized discretionary funding level of \$986B
- The Budget Control Act allows \$967B – \$19B below the CR
- House 2014 budget resolution meets discretionary budget cap at \$967B.
 - Within the allocation spared DOD, DHS and VA
 - Cut deeper into domestic programs
- Senate 2014 budget resolution at \$1.058B – comparable to the 2014 President's budget. Treated defense and non-defense more equitably.
 - Gap between House and Senate is \$91B

DOI Planning and Prep

- Direction to bureaus:
 - Mandatory funds – withholding 8% from all allocations
 - Urging prudent behavior, anticipate 7.2% sequester.
- Planning
 - Bureaus planning for 2014 at -8%
 - Meeting with bureaus to review plans for discretionary and mandatory
 - Prepare for full year CR with operating plans
 - No latitude provided thus far re. transfers, using flexibility of reprogramming sparingly