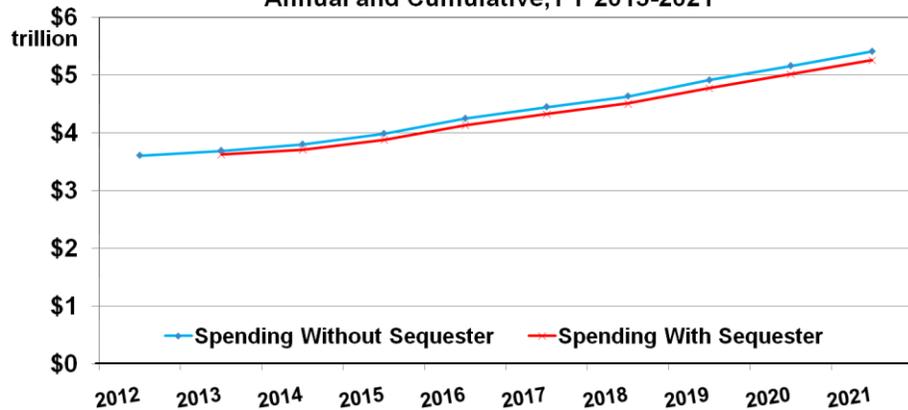
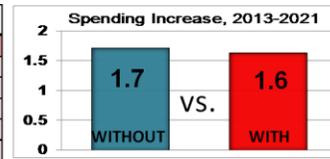


## Federal Spending Without & With Sequester Cuts Annual and Cumulative, FY 2013-2021



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

This week, Mercatus Center Senior Research Fellow Veronique de Rugy uses data from the Congressional Budget Office (CBO) to examine the estimated growth in spending without and with a potential Budget Control Act (BCA) sequester. As the chart and the accompanying data show, the purported spending “cuts” arising from the sequester are merely reductions in the overall growth of spending, not actual cuts that would address and relieve the United States’ debt problems.

The sequester is an automatic budget enforcement mechanism triggered when the Joint Select Committee on Deficit Reduction fails to enact legislation to reduce the deficit by \$1.2 trillion over the sequestration period. Instead of simply passing appropriated funds to the agencies, the U.S. Treasury “sequesters” the difference between the cap set in the BCA and the amount appropriated.

Changes in spending from sequestration result in new budget projections below the CBO’s baseline projection of spending based on current law. The federal government would spend \$3.62 trillion in the first year with sequestration versus the \$3.69 trillion projected by CBO. By 2021, the government would spend \$5.26 trillion versus the \$5.41 trillion projected. Overall, without a sequester, federal spending would increase \$1.7 trillion (blue line). With a sequester, federal spending would increase by \$1.6 trillion (red line).

A further breakdown of the percentage of budget programs reveals that sequestration provides relatively small reductions in spending rates across the board. With sequestration, defense increases 18% (vs. 20%); nondefense discretionary increases 12% (vs. 14%); Medicare roughly increases at the same rate; and net interest increases 136% (vs. 152%).

While the sequester projections are nominal spending increases, most budget plans count them as cuts. Referring to decreases in the rate of growth of spending as “cuts” influences public perceptions about the budget. When the public hears “cut,” it thinks that spending has been significantly reduced below current levels, not that spending has increased. Thus, calling a reduced growth rate of projected spending a “cut” leads to confusion, a growing deficit, and an ever-larger burden for future generations.

Veronique de Rugy talks about [the feasibility of sequestration](#) and historical spending reductions at NRO’s The Corner.

To contact Dr. de Rugy, call 202.550.9246 or email [rlandaue@gmu.edu](mailto:rlandaue@gmu.edu)