

Bipartisan Budget Act of 2015: Adjustments to the Budget Control Act of 2011

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The Bipartisan Budget Agreement of 2015 (BBA 2015; [P.L. 114-74](#)) includes a number of provisions that alter the budget parameters established by the Budget Control Act of 2011 (BCA; [P.L. 112-25](#)). These measures (1) increase the discretionary spending caps for FY2016 and FY2017; (2) extend automatic direct spending reductions to FY2025; (3) establish non-binding targets for spending designated for Overseas Contingency Operations/Global War on Terrorism (OCO/GWOT) services; (4) change limits to budget authority adjustment for certain program integrity activities from FY2017 to FY2021; and (5) suspend the statutory debt limit until March 2017.

Increase Defense and Non-Defense Discretionary Spending Caps in FY2016 and FY2017

The BCA restricts discretionary spending each year through FY2021 by establishing caps on both defense and non-defense budget authority. Title I, Section 101(a) of the BBA 2015 raises the caps on each type of discretionary spending by \$25 billion in FY2016 and by \$15 billion in FY2017, as indicated in [Table 1](#). CBO estimates that this provision will indirectly increase outlays by \$78.8 billion in the current budget window (FY2016-FY2025).

Table 1. FY2016-2017 Discretionary Spending Caps Before and After BBA 2015

(in billions of dollars)

Fiscal Year	Before BBA 2015 Enactment		After BBA 2015 Enactment	
	FY2016	FY2017	FY2016	FY2017
Defense	\$523.091	\$536.068	\$548.091	\$551.068
Non-Defense	\$493.491	\$503.531	\$518.091	\$518.531

The discretionary spending caps established by the BCA were also raised for FY2014 and FY2015, through the Bipartisan Budget Agreement of 2013 (BBA 2013; [P.L. 113-67](#)). That legislation also raised the defense and non-defense caps by equivalent amounts: the increases in each cap were by \$22 billion in FY2014 and by \$9 billion in FY2015.

Title I, Section 101(b) of the BBA 2015 subsequently instructs OMB to disregard the changes made to discretionary cap levels in its legislation when calculating and implementing direct spending reductions pursuant to the BCA, and

provides for no further reductions to the discretionary caps in FY2016 and FY2017.

Extend Automatic Direct Spending Reductions to FY2025

The other major budgetary restriction created by the BCA was the automatic spending reduction process (also known as the "joint committee sequester"). The joint committee sequester took effect in FY2013, and was initially scheduled to end in FY2021, although subsequent legislation enacted before the passage of BBA 2015 extended the expiration to FY2024. Title I, Section 101(c) of the BBA 2015 extends the implementation of the joint committee sequester by an additional year, so that the direct spending reductions are now scheduled to expire in FY2025. CBO estimates that this provision will decrease outlays by \$14.047 billion in the 10-year budget window.

Establish OCO/GWOT Spending Targets in FY2016 and FY2017

Title I, Section 101(d) of the BBA 2015 sets nonbinding targets for spending designated as Overseas Contingency Operations/Global War on Terrorism (OCO/GWOT) within certain budget functions in FY2016 and FY2017. The BCA allows for adjustments to discretionary spending limits for several purposes, including for appropriations designated as OCO/GWOT. BBA 2015 targets OCO/GWOT spending levels of \$58.798 billion in both FY2016 and FY2017 for budget function 050 (national defense) programs, and \$14.895 billion in both FY2016 and FY2017 for budget function 150 (international affairs) programs. The projections in CBO's latest budget outlook, released in August 2015, offer a sense of the budgetary impact of this provision. That forecast includes estimates of adjustments to the discretionary defense budget caps, which includes expenditures designated as OCO/GWOT, and are assumed to grow with inflation from the latest recorded spending amount. The targets established for spending designated as OCO/GWOT in BBA 2015 exceed those estimates by a combined \$13 billion in FY2016 and FY2017.

Change Limits to Budget Authority Adjustment for Program Integrity Activities in FY2017-FY2021

The BCA established program integrity initiatives designed to reduce federal spending on certain income security and health care programs. In order to execute these initiatives, the BCA allowed for adjustments to the discretionary caps to permit additional appropriations for such programs. Statutory limits to cap adjustments made for these purposes were limited in the BCA for each fiscal year and initiative. Title VIII, Section 815 of the BBA 2015 modifies the adjustment limits placed on program integrity activities that conduct continuing disability reviews and redeterminations under the Social Security Act in four years. The BBA 2015 increases those adjustments available in FY2017, FY2018, and FY2019, and decreases the adjustments available in FY2021. CBO estimates that this provision will indirectly increase outlays by \$484 million in the budget window.

Suspend the Debt Limit until March 2017

The budget parameters imposed by the BCA allow for net budget deficits in each year that they are effective. Budget deficits increase federal debt, and can contribute to debt levels approaching the statutory debt limit. Title IX, Section 901 of the BBA 2015 suspends the statutory debt limit from the date of enactment through March 15, 2017. Before the passage of BBA 2015, Treasury had been invoking "extraordinary measures" to stay under the statutory debt limit since its reinstatement in March 2015. On October 15, 2015, the Treasury Secretary informed Congress that those "extraordinary measures" would be exhausted no later than November 3, 2015. This provision allows the federal government to engage in budgetary activities that incur additional debt without risk of default while the debt limit is suspended.

The provision also calls for the debt limit to be increased upon reinstatement to exactly accommodate any increases in federal borrowing that were undertaken during the suspension period. CBO projects continued growth in federal debt levels through and after the debt suspension period. Should that projection be realized, upon reinstatement of the statutory debt limit Congress would then be presented with a choice of (a) leaving the debt limit in place; (b) authorizing the invocation of "extraordinary measures" to postpone a binding debt limit; or (c) increasing or suspending the statutory debt limit.