



U.S. HOUSE OF REPRESENTATIVES

# COMMITTEE ON THE BUDGET

B-71 Cannon House Office Building, Washington, DC 20515 (202) 226-7200 ★ [democrats.budget.house.gov](http://democrats.budget.house.gov)

Chris Van Hollen,  
*Ranking Democrat*

July 18, 2012

## **We Must Replace the Sequester with a Balanced Approach**

One of the most critical challenges facing Congress is addressing the automatic, indiscriminate budget cuts set up as a deficit reduction measure of last resort in the Budget Control Act (BCA). These cuts – totaling \$1.2 trillion over 10 years – are a reckless approach to budgeting and an irresponsible way to reduce the deficit. Not only will the overall size and immediacy of the cuts put a drag on our still-recovering economy, but the buzz-saw nature of the cuts would wreak havoc on defense and non-defense programs alike.

The reason we are facing these cuts is because the GOP is committed to protecting tax breaks for the very wealthy and special interests above all else. Democrats have offered a plan to replace next year's harmful cuts. We would achieve the same amount of deficit reduction through a combination of spending reductions and cuts to tax breaks for the wealthy and powerful special interests. That is the balanced approach recommended by every bipartisan group that has evaluated our fiscal challenge. Democrats already agreed to \$1 trillion in cuts in the BCA last August, and are willing to consider additional cuts to big agricultural interests and other unnecessary programs – but we must take a balanced approach. Unfortunately, Republicans have repeatedly opposed our proposal. In fact, 98 percent of House Republicans have signed a pledge stating that they will not close a single tax loophole or end a single tax break for millionaires to help reduce our deficit – and, to date, this pledge has trumped their claims about wanting to reduce the deficit and protect defense spending.

As a result of Republican obstruction, a \$110 billion sequester will go into effect on January 2, 2013 -- \$55 billion from defense and \$55 billion from non-defense spending for fiscal year 2013. While budget law lays out the framework for sequestration and exempts certain programs, and much of the process is similar that used under the Budget Enforcement Act, there have been enough changes in both the law and in the activities of the federal government to raise questions about where the impacts will be felt. That is why Democrats and Republicans on the Budget Committee voted for the Sequestration Transparency Act (H.R. 5872), which will ask the Administration to provide more detailed information about the negative impacts of the looming defense and non-defense cuts.

### **What the Sequestration Transparency Act Does**

The bill requires the Administration to submit a detailed report on the upcoming fiscal year 2013 sequestration within 30 days of enactment. The report will help educate the public about the effects of the sequester on a wide variety of federal services and investments. The report is to include an estimate of sequestration percentages by category as well as estimates of the required reductions at the program, project, and activity level. However, until the 2013 appropriations bills are enacted and the costs of mandatory programs are updated, we cannot know exactly how much each non-exempt program will be cut. The bill provides guidance on the base to assume for purposes of estimating the sequestration percentages and amounts. For discretionary spending, the Administration is to use the 2013 enacted level for accounts with appropriations already enacted, and use the 2012 enacted level for all other accounts. For mandatory programs, the sequester base is to be current law.