PUBLIC POLICY UPDATE  
January 20, 2012

WASHINGTON UPDATE

International Affairs in “Non-Security” Category from FY2013 Onward; Sequestration Still Looms

A section of the Budget Control Act of 2011 (S. 365, Sec. 302) that escaped notice by many until this week specifies that if the Joint Committee on Deficit Reduction (the “supercommittee”) fails, which it did, the “security” and “non-security” categories for the discretionary spending caps specified in the first part of the bill (Title I) are revised.

The revised security category includes only Function 050, Defense. Function 150, International Affairs, moves over into the non-security category. The sequestration mechanism that is set to cut an additional $1.2 trillion from spending starting January 2013 was always set up with Defense grouped separately from all other spending. This revision of the caps just makes that categorization consistent across both mechanisms.

Note 1: The total discretionary cap doesn’t change in this revision. What changes is the sub-caps presented (one for Defense, one for non-Defense), adjusted to correspond to the adjustment in the security/non-security categories.

Note 2: In the revised caps, the firewall between Defense and non-Defense extends all the way out to FY2021, rather than only through FY2013 as with the initial caps.

Function 150 (International Affairs, including most foreign assistance) is therefore no longer competing with Defense, Veterans and Homeland Security under a single cap. It will now compete with everything except Defense.

Credit goes to David Rogers in Politico for noting this, citing recent CBO and OMB reports flagging this section of the bill.

This all applies only as long as the Budget Control Act stands. If agreement is reached on a bill to change things so as to save Defense from sequestration, this all may well be changed. Reports are that the administration’s budget request will propose changes in revenue and spending to meet the $1.2 trillion savings goal, so discussions are likely to occur on such an effort. If such legislation were to be passed, it would no doubt include language vitiating the sequestration, and possible changing the caps and how they are applied as well.

Here’s the actual text from the Budget Control Act (S. 365):

“SEC. 251A. ENFORCEMENT OF BUDGET GOAL.

“Unless a joint committee bill achieving an amount greater than $1,200,000,000,000 in deficit reduction as provided in section 401(b)(3)(B)(i)(II) of the Budget Control Act of 2011 is enacted by January 15, 2012, the discretionary spending limits listed in section 251(c) shall be revised, and discretionary appropriations and direct spending shall be reduced, as follows:

1
“(1) REVISED SECURITY CATEGORY; REVISED NONSECURITY CATEGORY.—
(A) The term ‘revised security category’ means discretionary appropriations in budget function 050.
(B) ‘(B) The term ‘revised nonsecurity category’ means discretionary appropriations other than in budget function 050.
“(2) REVISED DISCRETIONARY SPENDING LIMITS.—The discretionary spending limits for fiscal years 2013 through 2021 under section 251(c) shall be replaced with the following:
“(A) For fiscal year 2013—
“(i) for the security category, $546,000,000,000 in budget authority; and
“(ii) for the nonsecurity category, $501,000,000,000 in budget authority….

Comparing the revised caps with FY2012 enacted levels
The revised FY2013 non-security cap allows for about $11.7 billion (2 percent) more in non-security discretionary spending than was just enacted for FY2012 non-security spending. And the revised FY2013 security cap allows for about $7.7 billion (1 percent) less security discretionary spending than was just enacted for security for FY2012. The amount of increase and decrease are different because the total allowed for discretionary spending (i.e., the sum of the two caps for FY2013) goes up by about $3 billion between FY2012 and FY2013. So you increase the overall cap by $3 billion and use that extra for non-security, take about $8 billion away from security and give it to non-security, and that gives you about $11 billion more for non-security relative to FY2012.

The upshot for international affairs spending: it is in a pot with domestic spending in FY2013, not Defense, so it is competing with Transportation, Labor, Health and Human Services, Education, Homeland Security, Veterans, Energy and Water, Interior, etc., rather than Defense. And the non-security pot will grow by about 2 percent or $11.7 billion over FY2012.

Sequestration
It should be noted that the changes noted above ($3 billion, $8 billion, $11 billion) are somewhat dwarfed by the cuts that would occur under sequestration. While that sequestration wouldn’t occur until January of 2013, it would still apply to FY2013 (which begins this Oct. 1). In a report issued Jan. 12, 2012, the Congressional Budget Office estimates that sequestration would cut FY2013 discretionary spending by $97 billion, about a 9 percent cut, to be applied across the board to all accounts.

For those who want the detailed numbers regarding the revised caps, see below.

| Discretionary Spending Caps in the Budget Control Act of 2011 (in billions of dollars) |
|-----------------------------------------------|-----------------|
| Initial Caps | Revised Caps |
| Security | Non | Total | Security | Non | Total |
| FY2012 | 684 | 359 | 1043 |
| FY2013 | 686 | 361 | 1047 | 546 | 501 | 1047 |
| FY2014 | 1066 | 556 | 510 | 1066 |
| FY2015 | 1086 | 566 | 520 | 1086 |
| FY2016 | 1107 | 577 | 530 | 1107 |
| FY2017 | 1131 | 590 | 541 | 1131 |
| FY2018 | 1156 | 603 | 553 | 1156 |
| FY2019 | 1182 | 616 | 566 | 1182 |
| FY2020 | 1208 | 630 | 578 | 1208 |
| FY2021 | 1234 | 644 | 590 | 1234 |

### FY2013 Caps Relative to FY2012 Enacted Levels

<table>
<thead>
<tr>
<th>Description</th>
<th>FY2012 Enacted</th>
<th>FY2013 Revised</th>
<th>Change</th>
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</thead>
<tbody>
<tr>
<td>FY2012 enacted for Function 050 (Defense) (discretionary, without OCO)</td>
<td>$553.741 billion</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Difference between FY2013 revised security cap and the FY2012 regular</td>
<td>-$7.741 billion</td>
<td>-1 percent</td>
<td></td>
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<tr>
<td>enacted for that function</td>
<td></td>
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<tr>
<td>Total FY2012 regular discretionary enacted (cap set by Budget Control Act)</td>
<td>$1.043 trillion</td>
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<td>FY2012 non-security enacted (Total minus Defense)</td>
<td>$489.259 billion</td>
<td></td>
<td></td>
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<tr>
<td>Difference between FY2013 revised non-security cap and FY2012 enacted for</td>
<td>$11.741 billion</td>
<td>+2 percent</td>
<td></td>
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<tr>
<td>those functions</td>
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### UPCOMING HEARINGS

**Hearing:** Examining Ongoing Human Rights Abuses in Vietnam  
**Committee:** House Foreign Affairs Committee  
**Witnesses:**  
- Nguyen Dinh Thang, Boat People SOS  
- Rong Nay, Montagnard Human Rights Organization  
- Phuong-Anh Vu, victim of human trafficking  
**When:** Jan. 24, 2:00 pm  
**Where:** 2200 Rayburn House Office Building  
**Contact:** 202-225-5021 [http://www.foreignaffairs.house.gov](http://www.foreignaffairs.house.gov)

### ARTICLES AND REPORTS

**BBC**  
Jan. 17: [Mexico food aid sent to crisis-hit Tarahumara Indians](http://www.bbc.com)  
Emergency aid, prompted by unconfirmed reports of suicides, is being delivered to the indigenous Tarahumara people in Mexico, who are suffering a severe food shortage. While the shortage’s
immediate cause is prolonged “unprecedented” drought and freezing temperatures, activists emphasize that the crisis’s long-term cause is the region’s underdevelopment.

Jan. 17: World Bank warns developing world to prepare for shocks
The World Bank now forecasts lower growth rates for 2012 than previously predicted. Food and commodity prices are down, and the rate of global trade expansion is slowing. While developing economies should still grow faster than high income economies, there is fear that the European debt crisis could lead to another global recession, possibly worse than the meltdown in 2008.

Economist
Jan. 14: India’s identity scheme: The magic number
In the last year, almost 200 million people enrolled in India’s unique identity program (UID), which uses biometric data to establish identity records for those seeking government welfare payments or subsidized food. Under the current system, the lack of official identification prevents many poor Indians from their promised aid. UID should also help prevent fraud.

New York Times
Jan. 19: 8 Guilty for Prison Massacre in Rare Trial of Haiti’s Police
Eight police officers and prison officials were sentenced in Les Cayes, Haiti, this week, for their participation in a prison massacre in January 2010. Though six men were acquitted and the sentences given to the convicted were fairly light, the trial is still seen as a landmark for justice in a country characterized by a weak judiciary where corrupt officials can act with impunity.

Jan. 19: Self-Immolation Protest in Morocco Captured on Video
Five men set themselves ablaze this week during protests in the Moroccan capital. These actions demonstrate the protesters’ increasing desperation, and follow a recent pattern of self-immolations throughout the region. The demonstrators are largely educated, unemployed youths protesting perceived government corruption and a lack of economic opportunities.

Jan. 20: Two European Aid Workers Are Kidnapped in Pakistan
A pair of European aid workers were abducted in Punjab Province in central Pakistan Thursday. The men worked for Welthungerhilfe, a German organization carrying out relief work in regions affected by the 2010 floods. Kidnappings of aid workers in Pakistan have become more common, as militant groups use hostages to gain attention and to raise revenues.

Disclaimer: Articles linked in the Update are intended to provide a dashboard view of newsworthy and topical issues from popular news outlets that will be of interest to readers of the Update. The articles are an information sharing vehicle rather than an advocacy tool. They are in no way representative of the views of InterAction or the U.S. NGO community as a whole.