

The FRA's Discretionary Spending Caps Under a CR: FAQs

June 23, 2023

What is the FRA and how does it limit discretionary spending?

The Fiscal Responsibility Act (FRA, P.L. 118-5), enacted in June 2023, temporarily suspends the debt limit and [reinstates](#) enforceable discretionary spending [limits](#) for FY2024 and FY2025 for both defense and nondefense discretionary spending. The limits for defense represent an increase in both fiscal years from the FY2023 enacted level, while the limits for nondefense represent a decrease in both fiscal years from the FY2023 enacted level, as shown in **Table 1**.

Table 1. FRA Discretionary Limits on Budget Authority for FY2024 and FY2025

(in Billions of Nominal Dollars)

Fiscal Year	Defense Discretionary	Nondefense Discretionary	Total
FY2023 (enacted)	\$858.36	\$743.89	\$1,602.25
FY2024	\$886.35	\$703.65	\$1,590
FY2025	\$895.21	\$710.69	\$1,605.90

Sources: P.L. 118-5.

Note: This table shows only base spending, which excludes funding that would be exempt from budgetary enforcement.

If discretionary appropriations are enacted that exceed the limit in either category, a [sequester](#) is triggered making across-the-board reductions within the applicable category (defense and/or nondefense). In most cases, the President would issue such a sequester order [within 15 calendar days](#) after the end of a session of Congress. Certain types of spending, such as spending designated as being for emergency purposes, are effectively exempt from the limits.

What does the FRA require in the event that a CR is in effect?

The FRA includes a provision that has been [described](#) as incentivizing Congress to enact regular full-year appropriations legislation instead of relying on continuing resolutions (CRs). This provision requires that

Congressional Research Service

<https://crsreports.congress.gov>

IN12183

in the event a CR is in effect on January 1 of 2024 or 2025 for *any* budget account, the discretionary spending limits for that fiscal year would be automatically revised to the levels shown below in **Table 2**. The revised levels would result in an *increase* in nondefense discretionary budget authority and a *decrease* for defense discretionary spending levels when compared with the original levels.

Table 2.FRA Discretionary Limits on Budget Authority for FY2024 and FY2025, with Revisions

(in Billions of Nominal Dollars)

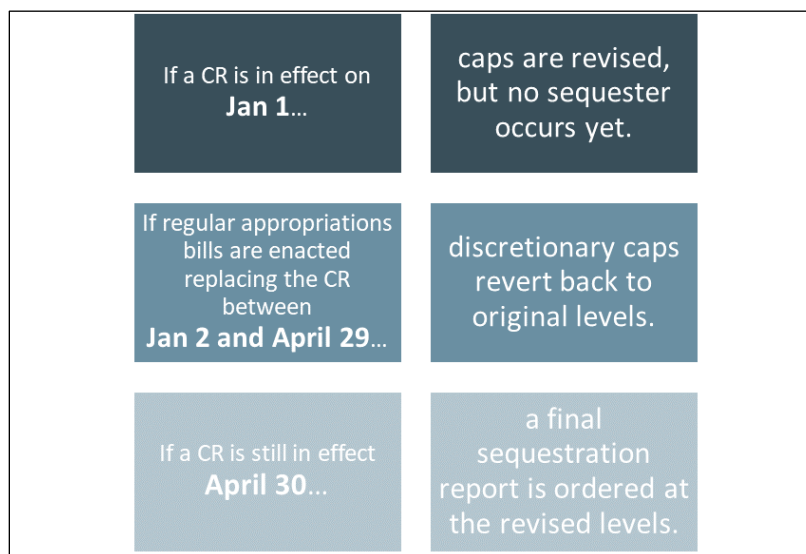
Fiscal Year	Revised Defense Discretionary	Revised Nondefense Discretionary	Revised Total Discretionary
FY2024	\$849.78	\$736.45	\$1,586.23
+/- Original caps (% change)	-\$36.57 (-4.13%)	\$32.80 (+4.66%)	-\$3.77 (-0.24%)
FY2025	\$849.78	\$736.43	\$1,586.23
+/- Original caps (% change)	-\$45.43 (-5.07%)	\$25.76 (+3.62%)	-\$19.67 (-1.22%)

Sources: P.L. 118-5 and the Congressional Budget Office cost estimate referenced in P.L. 118-5 as “[table 1–S](#) of H.R. 2617, published on December 21, 2022.”

Note: This table shows only base spending, which excludes funding that would be exempt from budgetary enforcement.

When would a sequester occur under a CR?

Under such a scenario, a sequester order would be issued on April 30 of either 2024 or 2025. The FRA states that the revised limits would revert to the original FRA limits if full-year appropriations were enacted before April 30.



Source: P.L. 118-5.

Does the FRA include an automatic CR or an automatic omnibus?

No. The FRA does not provide for the automatic enactment or implementation of spending legislation (either a CR or regular appropriations) at any point during the fiscal year. As in other years, if appropriations have not been enacted (either for the whole fiscal year or temporarily through a CR) at any point beginning on October 1, a funding gap and partial government shutdown would occur.

How do the FRA limits and revisions compare to FY2023 spending?

In FY2023, Congress [enacted](#) a total of \$1.602 trillion in base discretionary spending. This includes \$858.36 billion in the defense category and \$743.89 billion in the nondefense category. Compared to these levels, the discretionary caps for FY2024 and FY2025 enacted in the FRA would provide a slight decrease in total discretionary spending for FY2024 and then a slight increase in total discretionary spending for FY2025. As shown in **Table 3** and **Figure 1**, the caps would provide for nominal increases in defense discretionary spending for both FY2024 and FY2025 while decreasing in nominal terms nondefense discretionary spending for both fiscal years compared to FY2023 enacted discretionary spending in these categories.

Table 3. Discretionary Spending for FY2024 and FY2025 Under the FRA Compared to FY2023 Enacted Discretionary Spending (No Revisions)

(in Billions of Nominal Dollars)

Fiscal Year	Defense Discretionary	Nondefense Discretionary	Total Discretionary
FY2024	\$886.35	\$703.65	\$1,590
+/- FY2023 (% change)	\$27.99 (+3.26%)	-\$40.24 (-5.41%)	-\$12.25 (-0.76%)
FY2025	\$895.21	\$710.69	\$1,605.9
+/- FY2023 (% change)	\$36.85 (+4.29%)	-\$33.2 (-4.46%)	\$3.65 (+0.23%)

Sources: P.L. 118-5.

Note: This table shows base spending, which excludes funding that would be exempt from budgetary enforcement.

If a CR is in effect for any discretionary account on January 1 of either 2024 (FY2024) or 2025 (FY2025), the FRA requires that the discretionary spending limits be revised for that fiscal year to reflect enacted levels for defense and nondefense categories *for FY2023, decreased by 1 percent*. Under this scenario, both defense and nondefense discretionary spending would decrease slightly in nominal terms in FY2024 and FY2025 compared to FY2023 enacted levels (as shown in **Table 4** and **Figure 1**).

Table 4. Discretionary Spending for FY2024 and FY2025 Under the FRA Compared to FY2023 Enacted Discretionary Spending (with Revisions)

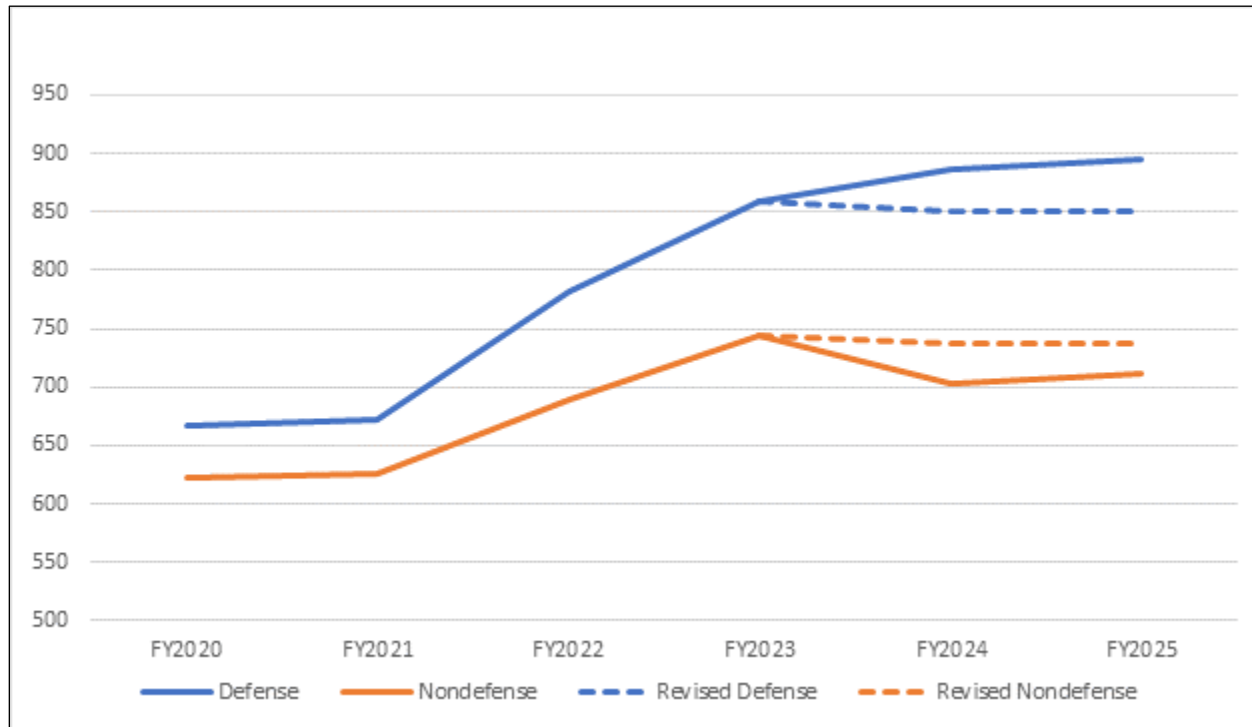
(in Billions of Nominal Dollars)

Fiscal Year	Revised Defense Discretionary	Revised Nondefense Discretionary	Revised Total Discretionary
FY2024	\$849.78	\$736.45	\$1,586.23
+/- FY2023 (% change)	-\$8.58 (-1%)	-\$7.44 (-1%)	-\$16.02 (-1%)
FY2025	\$849.78	\$736.45	\$1,586.23
+/- FY2023 (% change)	-\$8.58 (-1%)	-\$7.44 (-1%)	-\$16.02 (-1%)

Sources: P.L. 118-5 and CBO's "Status of Discretionary Appropriations" report for FY2023.

Note: This table shows only base spending, which excludes funding that would be exempt from budgetary enforcement.

Figure 1. Projected Discretionary Spending Under the FRA as Enacted and with Revision
Base Enacted (or Projected) Discretionary Spending (in Billions): FY2020-FY2025



Source: Information compiled from P.L. 118-5 and CBO's "Status of Discretionary Appropriations" reports for FY2020-FY2023.

Notes: This figure shows only base spending, which excludes funding that would be exempt from budgetary enforcement.

Author Information

Drew C. Aherne
Analyst on Congress and the Legislative Process

Megan S. Lynch
Specialist on Congress and the Legislative Process

Disclaimer

This document was prepared by the Congressional Research Service (CRS). CRS serves as nonpartisan shared staff to congressional committees and Members of Congress. It operates solely at the behest of and under the direction of Congress. Information in a CRS Report should not be relied upon for purposes other than public understanding of information that has been provided by CRS to Members of Congress in connection with CRS's institutional role. CRS Reports, as a work of the United States Government, are not subject to copyright protection in the United States. Any CRS Report may be reproduced and distributed in its entirety without permission from CRS. However,

as a CRS Report may include copyrighted images or material from a third party, you may need to obtain the permission of the copyright holder if you wish to copy or otherwise use copyrighted material.