



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

May 9, 2012
(House Rules)

STATEMENT OF ADMINISTRATION POLICY

H.R. 5652 – Sequester Replacement Reconciliation Act of 2012

(Rep. Ryan, R-WI)

The Administration strongly opposes H.R. 5652, the "Sequester Replacement Reconciliation Act of 2012." The bill's unbalanced provisions fail the test of fairness and shared responsibility. At the same time as the House is advancing tax cuts that benefit the most fortunate Americans, H.R. 5652 would impose deep budget cuts that cost jobs and hurt middle class and vulnerable Americans – especially seniors, veterans, and children.

The sequester included in the bipartisan Budget Control Act of 2011 (BCA) included mutually disagreeable cuts to both defense and non-defense funding. These cuts would have destructive effects on national security; on important domestic investments such as education, research and development, and rebuilding the Nation's crumbling infrastructure; and on core government programs from air traffic control to law enforcement. The threat of these destructive cuts under the BCA was intended to be a mechanism to force action by the Congress on deficit reduction.

The President has made clear that the Congress can and must act to avoid the sweeping impacts of the sequester by passing a balanced deficit reduction package. Last fall, the Administration provided a blueprint for the Congress to do so. And in his 2013 Budget, the President proposed a comprehensive balanced deficit reduction package that would ensure the Nation lives within its means and, including legislation signed into law last year, reduces the deficit by \$4 trillion while supporting job creation and long-term economic growth. This package would achieve more than enough deficit reduction to avoid the sequester.

In contrast, the approach advanced in this bill only addresses a portion of the pending sequester, and does so in a way that imposes far greater cuts than the sequester would entail. The bill would break the agreement on discretionary spending made in last summer's budget agreement; advancing the House Budget Resolution's approach to increase defense spending and reduce non-defense spending relative to the levels agreed to in the BCA. Moreover, it would do nothing to address the reductions in discretionary spending and sequesters in mandatory programs after 2013. The bill relies entirely on spending cuts that impose a particular burden on the middle-class and the most vulnerable among us, while doing nothing to raise revenue from the most affluent.

Rather than pursuing a comprehensive, balanced deficit reduction package to replace the sequester, H.R. 5652 undermines the intent of the BCA to bring both sides to compromise by proposing a short-term, one-sided solution. This approach sharply undermines critical domestic priorities, such as efforts to prevent hunger and support low-income families and communities; to expand health care access and implement the Affordable Care Act; to protect consumers and implement the Wall Street Reform Act; and to support homeowners struggling to stay in their homes. The Administration strongly opposes both the principles of this approach and specific

legislative proposals included in the bill. If the President is presented with H.R. 5652, his senior advisors would recommend that he veto the bill.

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