The First Cut Is The Deepest?

Federal Spending Cuts
2011 – 2014
Background

FY2013

- Social Security
- Mandatory Health Programs (Medicare, Medicaid, SCHIP)
- Other Mandatory (Military retirement, etc)
- Security (Defense, VA, Homeland Security)
- Non-Security Spending
Can we cut our way to prosperity?

Deficit projected to accrue over FY 2013

Non-Security Spending in FY 2013
Deficit Reduction to Date

- FY 2011 and FY 2012 bills lowered discretionary spending by $550 million over 10 years.

- The Budget Control Act (BCA) further lowered discretionary spending by $900 billion.

- The American Taxpayer Relief Act (ATRA) cut discretionary spending by another $14 billion.

- ATRA raised $617 billion in revenues.

- Interest savings from these 3 actions = $300 billion
Total Deficit Reduction

$2.4 trillion
BEFORE SEQUESTRATION

$1.7 billion in cuts to discretionary spending
$700 billion in raised revenue
Let’s Talk About Sequestration for a minute....
Details Matter...

• Continuing Resolution for discretionary $
  ▫ Estimated 5% cut at the account level
  ▫ Additional Flexibility = 1% ➙ 3% transfer
  ▫ Operating Plans due 30 days after enactment

• Prevention Fund
  ▫ Estimated 7.8% cut = -$78 million
  ▫ Total flexibility
Prevention Fund Uses FY 2012

- ½ the Fund goes to 3 activities: Community Transformation Grants; Section 317 Immunization; and Tobacco Prevention and Control
- ¼ of the Fund goes to core State health operations like epidemiology, screening campaigns, surveillance, etc.
- The remaining ¼ goes to a variety of initiatives like Alzheimer’s Disease Self Management, Prevention Research Centers, Primary and Behavioral Health Integration, etc.
Sequestration here to stay?

- The Senate Budget resolution replaces sequestration with a mix of spending reforms and revenue provisions.

- The House Budget resolution implements sequestration BUT:
  - Moves the defense cuts to the non-defense budget.
Competing Visions of the Future

Non-Defense Spending

- BCA pre-sequestration Non-defense
- BCA post-sequestration Non-defense
- House Budget Non-Defense
- Senate Budget Non-Defense
Details Matter....

In current law, there is an $12 billion emergency fund for major natural disasters.

The House Budget eliminates that fund, so any major emergency responses in the next 10 years would need to be offset with additional discretionary cuts.
Close Up on FY 2014....

- FY 2014 BCA pre-seq
- FY 2014 BCA post-seq
- FY 2014 House
- FY 2014 Senate

- Jobs/Infrastructure
- Disaster
- Non-Defense
- Defense
Some of us like to see the numbers...

<table>
<thead>
<tr>
<th></th>
<th>FY 2013</th>
<th>FY 2014 BCA pre-seq</th>
<th>FY 2014 BCA post-seq</th>
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Did you do the math???

- House budget for non-security spending:
  - a 16% cut from FY13 (-$77 billion) AKA
  - an 11% cut (-$55 billion) below the FY14 level after sequester is already subtracted (-$22 billion).

- For comparison:
  - CDC’s discretionary budget is $5.6 billion.
  - The total FY14 Prevention Fund is $1 billion.
  - The entire cost of operating Medicare and Medicaid for a year is $3.8 billion.
Timeline for Action....

• March 27\textsuperscript{th}: FY 13 will be finished.

• Mid-April: HHS agencies will be required to submit operating plans for all FY13 spending no later than 30 days after FY13 bill passes.

• April 15\textsuperscript{th}: Deadline for budgets to be passed in both House and Senate.

• April – May: Hearings on HHS budget

• May 10: Senate LHHS deadline for requests
Federal budgets aren’t cute. Puppies are.
Thank you for listening.