

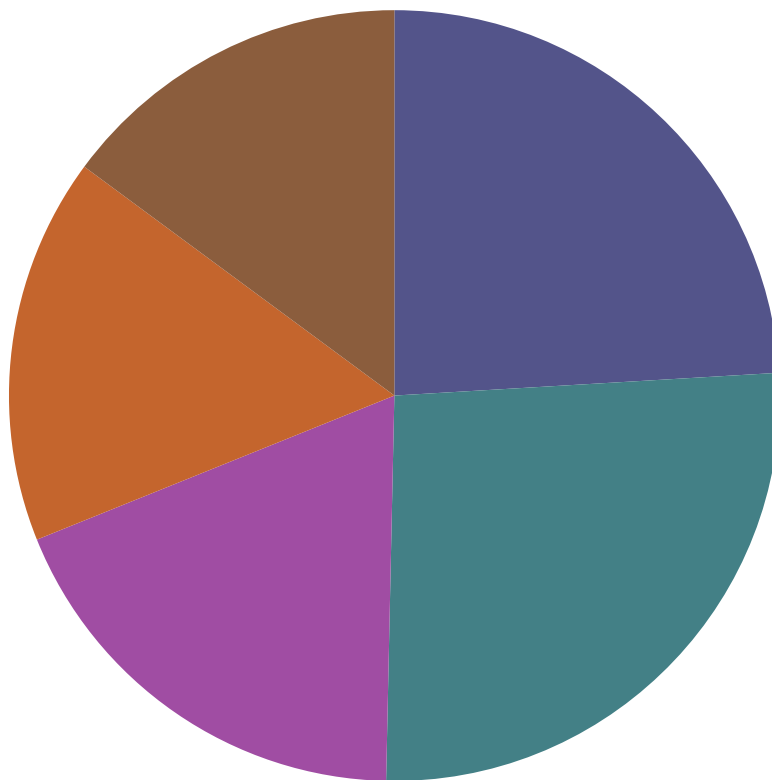
The First Cut Is The Deepest?

Federal Spending Cuts

2011 – 2014

Background

FY2013



■ Social Security

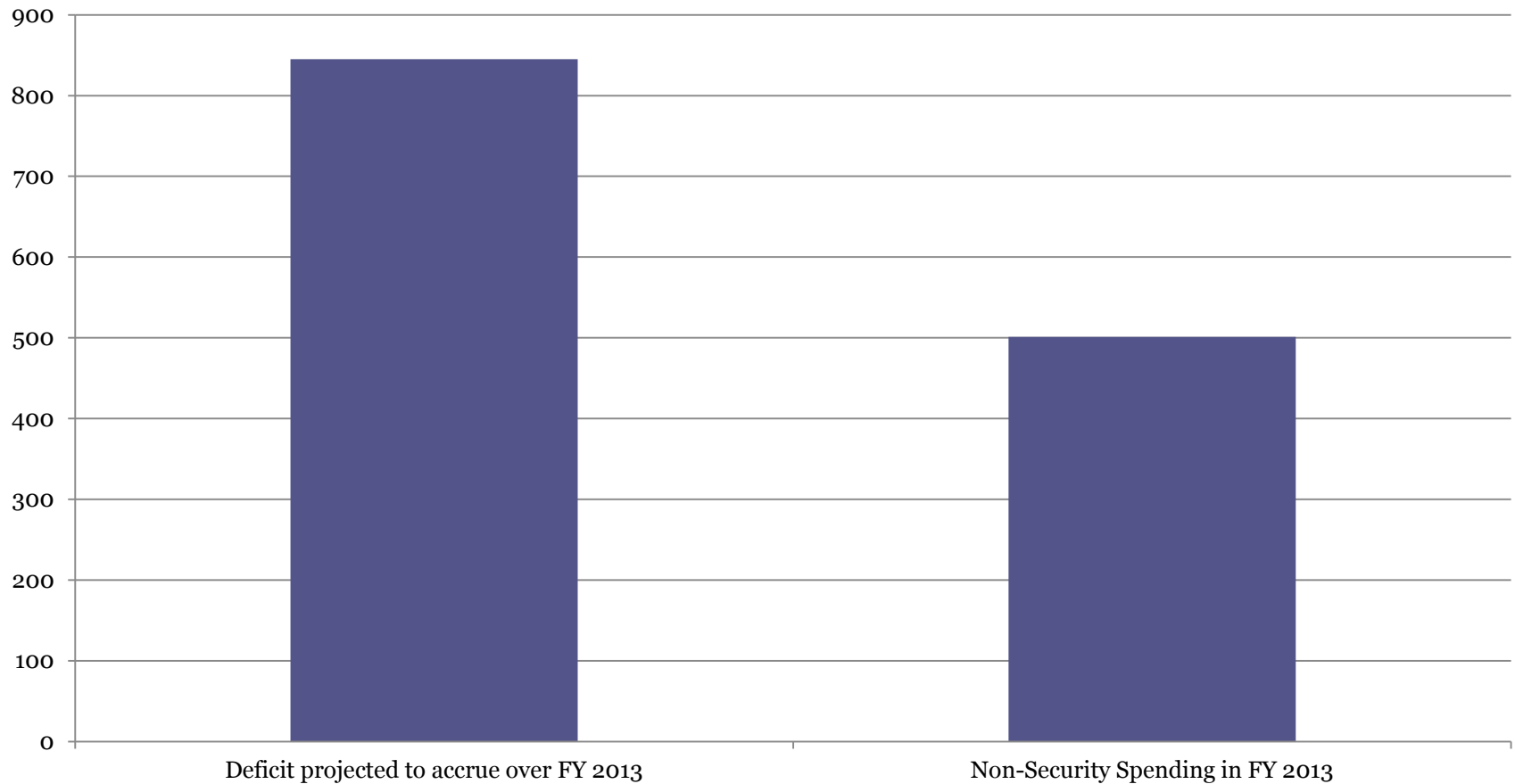
■ Mandatory Health Programs (Medicare, Medicaid, SCHIP)

■ Other Mandatory (Military retirement, , etc)

■ Security (Defense, VA, Homeland Security)

■ Non-Security Spending

Can we cut our way to prosperity?



Deficit Reduction to Date

- FY 2011 and FY 2012 bills lowered discretionary spending by \$550 billion 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

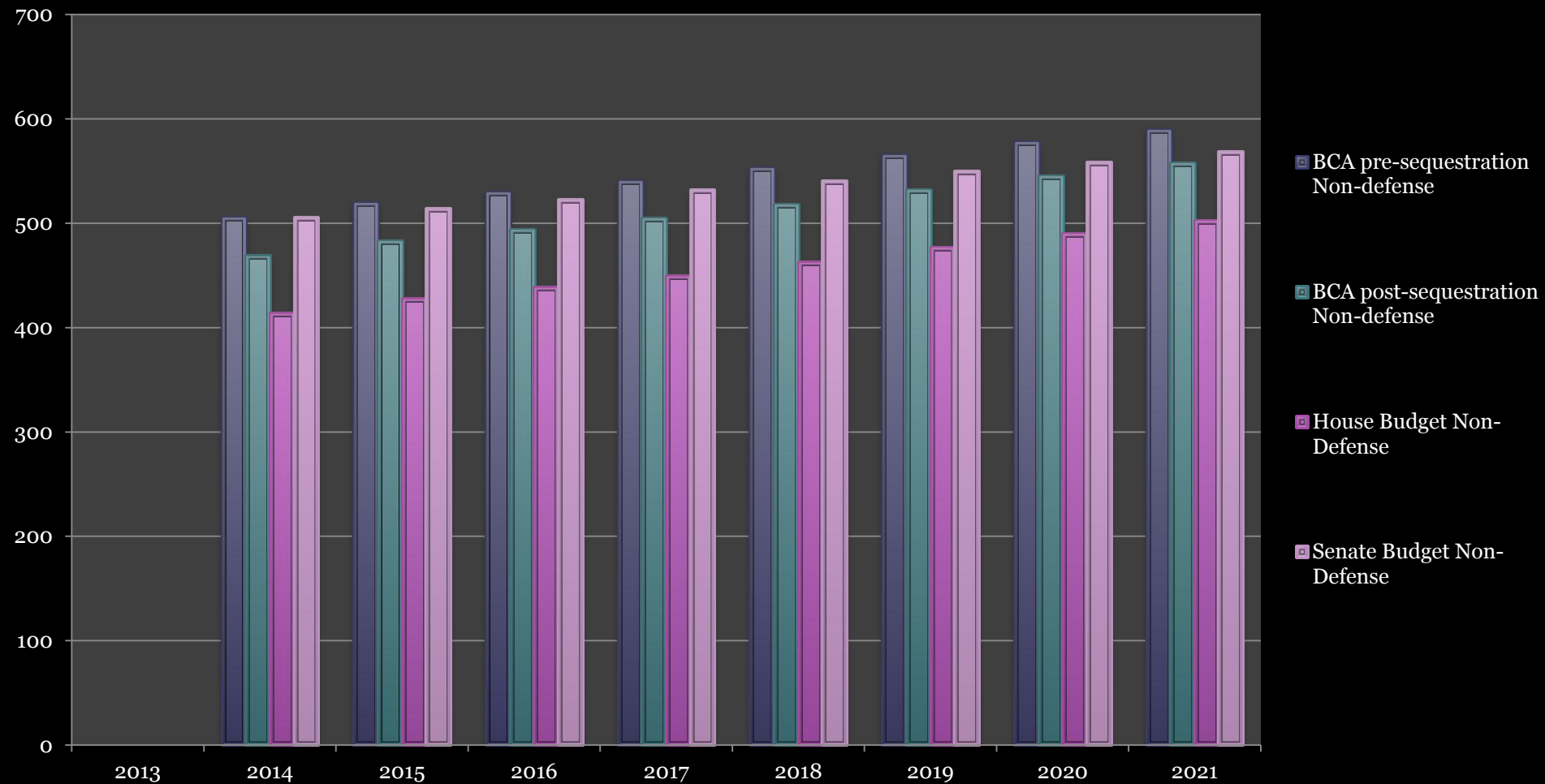
- 1/2 the Fund goes to 3 activities: Community Transformation Grants; Section 317 Immunization; and Tobacco Prevention and Control
- 1/4 of the Fund goes to core State health operations like epidemiology, screening campaigns, surveillance, etc.
- The remaining 1/4 goes to a variety of initiatives like 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

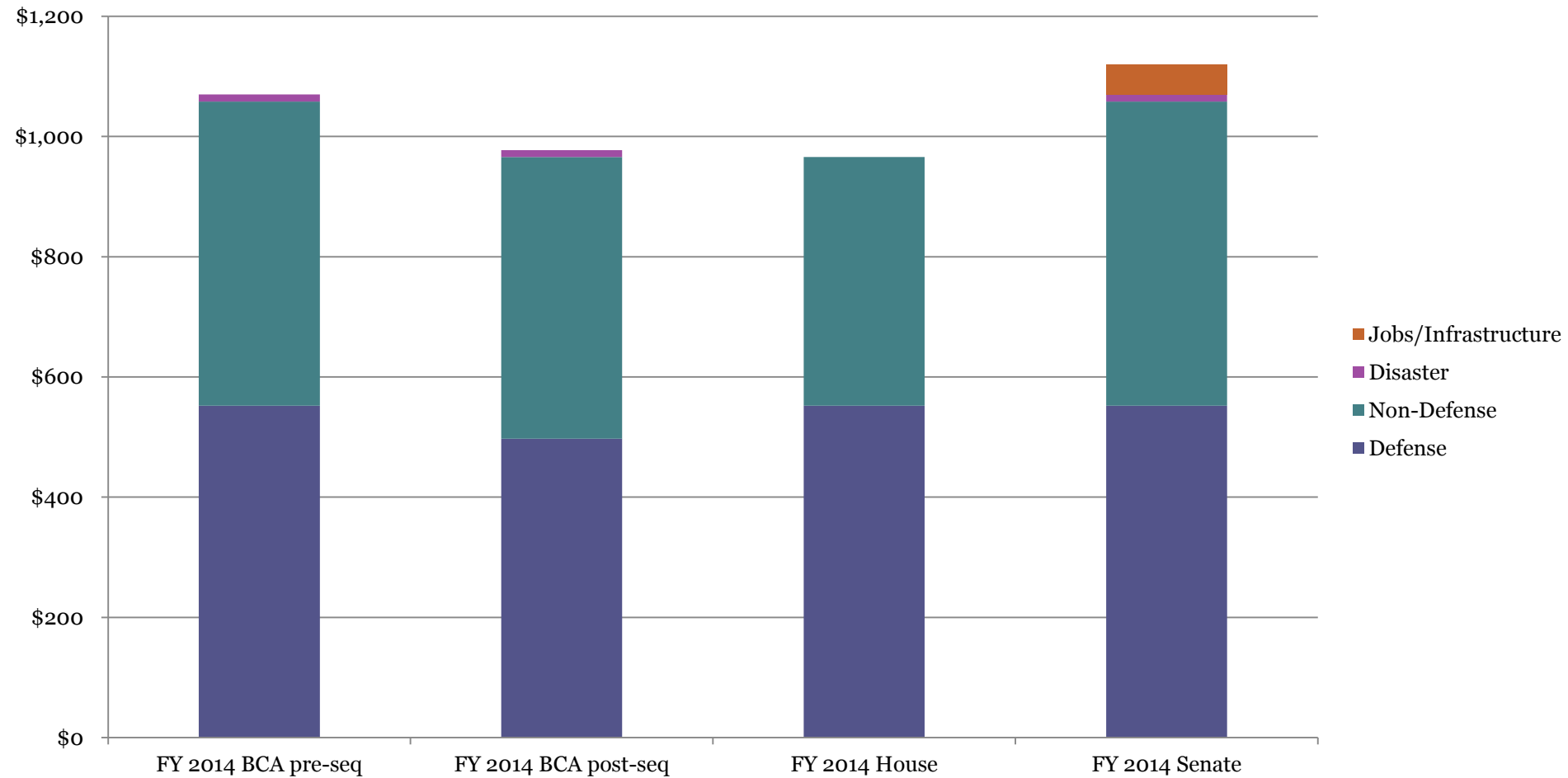


Details Matter....

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....



Some of us like to see the numbers...

Dollars in Billions

	FY 2013	FY 2014 BCA pre-seq	FY 2014 BCA post-seq	FY 2014 House	FY 2014 Senate
Defense	\$552	\$552	\$497	\$552	\$552
Non-Defense	\$491	\$506	\$469	\$414	\$506

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 27th: 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 15th: 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.

