What’s Happening (or not happening) in Washington
What’s “normal”?

- **February**: President’s budget comes out
- **March-April-May**: Budget caps resolved
  - Sets a cap on total discretionary spending, of which Health is one category
- **May**: a portion of that cap is designated for the bill that funds Labor, Health, and Education.
- **July – Sept**: House and Senate negotiators debate program funding levels.
So Far This Year

- House passed the Ryan Budget which assumed $100 billion in cuts this year to discretionary spending.

- House allocated $18 billion of that cut to the bill that funds Labor, Health and Education.
  - Total budget authority for CDC = $5.8 billion
  - Total budget authority for HRSA = $6.2 billion

- House has postponed revealing their bill until September.
Enter....
the debt ceiling debate
All of the agreements to raise the debt ceiling reduce the deficit through cuts in 2-4 forms of government spending

- Discretionary spending caps
- Mandatory subsidies (farm, student loan, etc)
- Entitlement program changes
- Tax expenditures
2010 Total Spending

Mandatory (55%)

Defense Discretionary (20%)

Nondefense Discretionary (19%)

Interest (6%)

Source: CBO June 22, 2011 Long Term Outlook
If you’re interested in, confused by or just generally suspicious of deficit news...  


Non-partisan Congressional Budget Office presentation to the NY Fed
Countdown to August 2nd

There are 4 plans right now,
  2 are introduced
  none have the votes to pass

Boehner Plan
Reid Plan
Gang of 6
Obama Balanced Approach
Boehner Plan

Requires Congressional action on additional savings in 6 months to raise debt ceiling again.

$1.2 trillion in discretionary spending cuts over 10 years (same as Reid)

Ties growth to specific limits. If exceeded, across-the-board cuts would apply to entitlements and discretionary spending.
Reid Plan

Debt ceiling raised until end of 2012

$2.7 trillion in deficit reduction:
- $1 trillion Peace Dividend over 10 years
- $1.2 trillion in discretionary savings over 10 years
- $100 billion in mandatory programs
  - $40 billion in program integrity savings
  - $30 billion in Fannie Mae/Freddie Mac reforms
  - $15 billion in spectrum sales
  - $11 billion in farm payment reforms
  - Changes to student loan programs, savings go to sustain the Pell Grant program
- $400 billion in reduced interest payments

No provisions on revenue or entitlements
What to watch in the House

There are 241 Republicans in the House, it takes 218 votes to pass a bill.

60 House Republicans are self-identified as Tea Party, they have previously indicated they oppose raising the debt limit *under any circumstances*.

As of today, the vote has been postponed until Thursday. A new plan should emerge sometime today to address some of the scoring problems.
What to watch in the Senate

There are 53 Senate Democrats.

Conservative Senators like Rand Paul (R-KY) and Jim De Mint (R-SC) have promised to filibuster any increase to the debt limit.

It takes 60 votes (and 60 hours of debate) to break a filibuster.

At a minimum, Reid needs 7 Republicans to vote with him.
How does this bill become law?
After the Debt Limit

Sept 30\textsuperscript{th} is the end of the fiscal year, 8 weeks after August 2\textsuperscript{nd}
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Expect to see....

Lots of e-mails in early Sept. Individual program funding levels will come out of both the House and Senate in September. Plan to weigh in during August.
Expect to see....

A debate over extending the Sept 30th deadline in a “continuing resolution” or CR.

Could accompany additional cuts and policy rider debates.

Debate over a government shut-down?
Expect to See...

An “omnibus” or bill that funds all the various programs in the government, negotiated between the House and Senate sometime between October - December