

# What's Happening *(or not happening)* in Washington

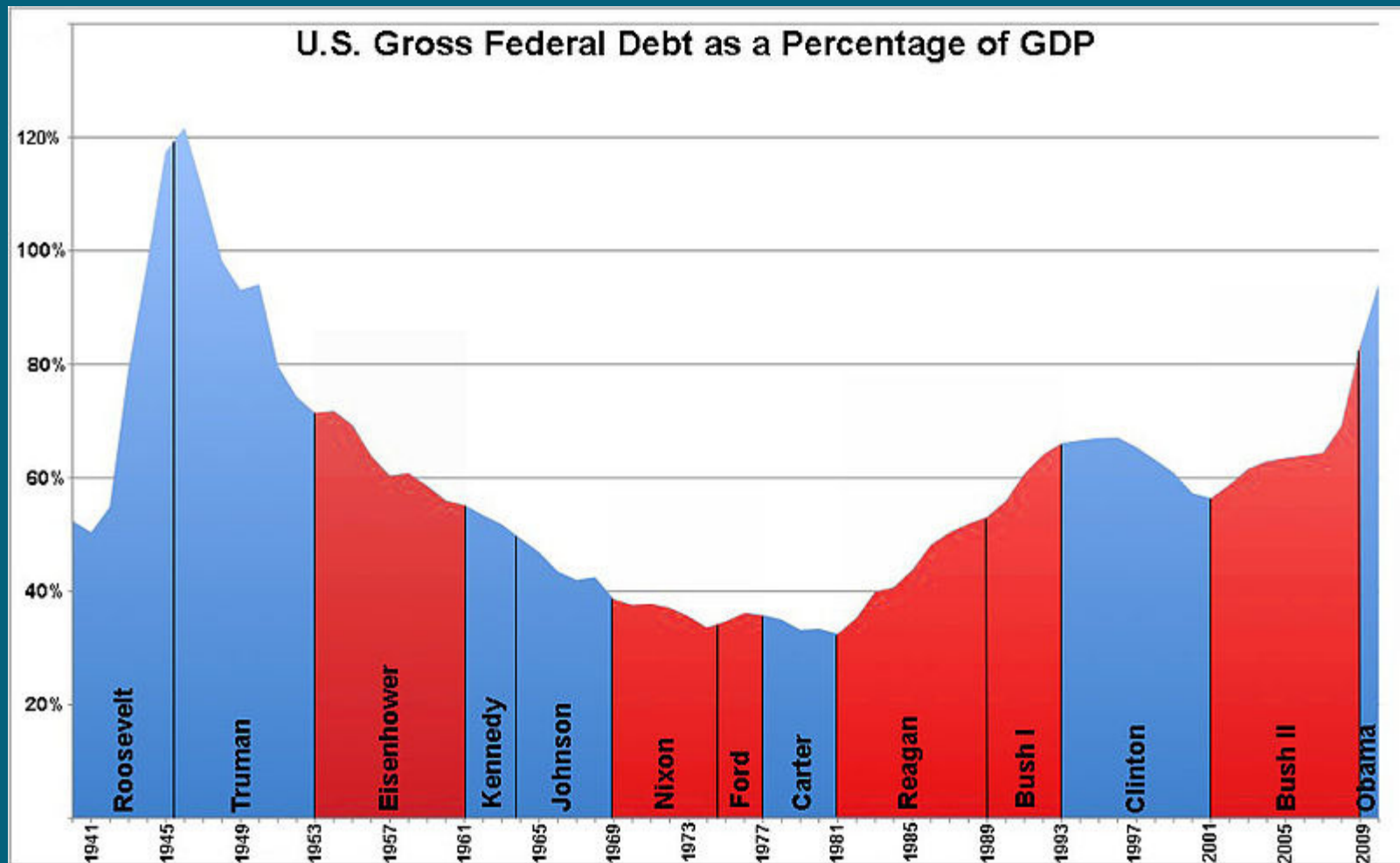
# What's "normal"?

- 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



Source: CBO June 22, 2011 Long Term Outlook

If you're interested in, confused  
by or just generally suspicious of  
deficit news...

[http://www.cbo.gov/ftpdocs/122xx/doc12252/  
CBO Presentation to Fed Reserve Bank of  
New York 6-16-11.pdf](http://www.cbo.gov/ftpdocs/122xx/doc12252/CBO_Presentation_to_Fed_Reserve_Bank_of_New_York_6-16-11.pdf)

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<sup>th</sup> is the end of the fiscal year,  
8 weeks after August 2<sup>nd</sup>

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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 30<sup>th</sup> 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