Ensuring Necessary Funding for Domestic HIV/AIDS Programs

Deficit Reduction and the Budget Control Act

USCA 2011
September 30, 2011
Chicago, IL

Ronald Johnson
Vice President of Policy & Advocacy
Deficit reduction has been the dominant federal issue for all of 2011 and likely will be a leading issue for the next few years.
DEFICIT REDUCTION

Raising the federal debt ceiling

Reducing the total federal deficit

Cutting federal spending
BUDGET CONTROL ACT
OF 2011
Overview of the Budget Control Act (BCA)

- **Raising the Debt Ceiling:** Establishes process and authorization for the President to raise the federal debt ceiling through the end of 2012 (projected date).
- **Phase One Deficit Reductions:** Establishes 10-year discretionary spending caps to achieve nearly $1 trillion in savings.
- **Phase Two Deficit Reductions:** Establishes a joint bipartisan Congressional committee process to achieve a goal of $1.5 trillion in additional deficit reduction.
- **Phase Two Deficit Reductions:** Establishes an enforcement mechanism to guarantee $1.2 trillion in additional spending cuts if Congress fails to act.
- **Balanced Budget Amendment:** Mandates a vote by House and Senate on a balanced budget amendment.
Raising the Debt Ceiling

• Upon signing the BCA, the President had the immediate authority to raise the debt ceiling by $400 billion.

• A second increase of $500 billion is subject to a Congressional vote of disapproval, which can be vetoed. Since complete disapproval is not likely to pass, for all practical purposes, the debt ceiling will be raised a total of $900 billion by the end of September 2011.

• In early 2012, the President can raise the debt ceiling by $1.2 - $1.5 trillion, again subject to a vote of disapproval that can be vetoed. The exact amount between $1.2 - $1.5 trillion is loosely tied to additional deficit reduction and Congressional passage of a balanced budget amendment.
Phase One Deficit Reductions

- Estimated savings of $917 billion over the 10 years (CBO estimate).
- Sub-caps on a 50/50 basis for security* and non-security spending for FY 2012 and FY 2013. “Firewall” between the 2 sub-caps (such that security spending cannot be increased by lowering non-security spending).
- No sub-caps for FYs 2014-21.
- No effect on entitlement programs such as Medicaid and Medicare.

*Note that “security” in this case includes additional groups outside the traditional definition of security. It includes defense spending, Homeland Security, Veteran Affairs, and some State Department spending.
Phase Two Deficit Reductions

• BCA establishes a Congressional Joint Select Committee on Deficit Reduction, aka, “super committee”
• Committee tasked with the goal of finding at least an additional $1.5 trillion in deficit reduction by FY 2021
• 12 members:
  - 6 from House; 6 from Senate
  - 3 members each chosen by the 4 Congressional leaders (Boehner, Pelosi, Reid, McConnell)
  - Two co-chairs, one appointed by Boehner - Rep. Hensarling and one by Reid – Sen. Murray
  - Staff director and deputy director
Phase Two Deficit Reductions

- Senate members:
  - Patty Murray (D-WA), Co-Chair
  - John Kerry (D-MA) [Chair, Foreign Relations Committee]
  - Max Baucus (D-MT) [Chair, Finance Committee]
  - Jon Kyl (R-AZ) [Minority Whip]
  - Rob Portman (R-OH) [Former Director, OMB]
  - Patrick Toomey (R-PA)
Phase Two Deficit Reductions

• House members:

  ➢ Jeb Hensarling (R-TX), Co-Chair [Chair, Republican Conference]
  ➢ Fred Upton (R-MI) [Chair, Energy & Commerce Committee]
  ➢ Dave Camp (R-MI) [Chair, Ways & Means Committee]
  ➢ Jim Clyburn (D-SC) [Assistant Democratic Leader]
  ➢ Xavier Becerra (D-CA) [Democratic Caucus Vice Chair]
  ➢ Chris Van Hollen (D-MD) [Ranking Member, Budget Committee]
Phase Two Deficit Reductions

• Virtually no restrictions on what the select committee can consider and recommend
  - Spending cuts, revenue, including tax increases or tax code reforms, entitlement changes can be considered
• Committee must report by Nov. 23, 2011.
• Congress must vote up/down by Dec. 23, 2011
  - No amendments
  - No Senate filibuster
Phase Two Deficit Reductions – Enforcement Mechanism

• Enforcement mechanism kicks in January 1, 2013 to make across-the-board spending cuts if:
  - Select committee fails to make any recommendations
  - Congress fails to enact recommendations
  - Any enacted recommendations are below $1.2 trillion (for example, if $500 billion is recommended by the Joint Congressional Committee and enacted by Congress, because it doesn’t meet the requisite $1.2 trillion, $700 billion in spending cuts will kick in with this mechanism)

• Spending cuts only. Split 50/50 between defense* and non-defense.
• Medicare cuts capped at 2%, from payments to providers (no direct benefit cuts)
• Entitlement programs, including Medicaid and Social Security, and a number of low-income entitlement programs are exempt from across-the-board cuts.

*In this case the traditional definition of defense spending which includes the Pentagon and spending in the Department of Energy in relation to weapons research, maintenance, cleanup, and production.
Balanced Budget Amendment

• Both House and Senate required to have a vote on a balanced budget Constitutional amendment bill by Dec. 31, 2011.

• Two-thirds majority in each house needed to pass a proposed amendment.
Balanced Budget Amendment

• House expected to vote on proposed amendment week of Nov. 14
• H.J. Res. 2, introduced by Rep. Bob Goodlatte (R-VA)
• 241 co-sponsors
• Previous version passed in 1995 with 300 votes.
Balanced Budget Amendment

• Mandates that spending not exceed revenue, unless allowed by legislation passed by 3/5s majority of each house and signed by President

• Debt ceiling can only be raised by vote of 3/5s of full members of each house

• President mandated to submit a balanced budget request.

• Tax increase requires majority of full members of each house.
Balanced Budget Amendment

• Macroeconomic Advisers, an economic forecasting firm, harshly criticizes proposed amendment

  ➢ Would have required $1.5 trillion in spending cuts in FY 2012

• Broad coalition of national organizations, including The Leadership Conference on Civil and Human Rights, oppose BBA
“Super Committee”
“Super Committee”

HIV/AIDS Community
Deficit Reduction Principles

• Ensure a fair and balanced approach that includes revenue increases
• Protect vulnerable populations and maintain federal commitment to the fight against HIV/AIDS
• Preserve the federal commitment to Medicaid and Medicare
• Do not jeopardize the health care reforms already underway
“Super Committee”

- Is any proposal better than automatic cuts?
- Is no deal better than a “bad deal?”
- What is a “bad deal?”
What does the Budget Control Act Mean for Appropriations?
Budget Control Act and FY 2012 Appropriations

- Total for FY2012 appropriations is $1.043 trillion
- This amount is higher than the House-passed Ryan Budget on which Republican members had been basing their FY2012 appropriation bills.
- This amount is 4% lower than FY 2011 spending
Budget Control Act and Future Appropriations

• If the enforcement mechanism is triggered then
  ➢ Medicaid and Medicare beneficiaries will be unaffected by the additional cuts
  ➢ BUT this will increase the pressure on discretionary programs such as Ryan White CARE programs, HOPWA, NIH research, and CDC domestic HIV prevention funding
What Do Ryan White Cuts Mean for Access to Care?

- Medical Care
- Psychosocial & Support Services
- Prescription Medications (ADAP)
- Transportation
- Case Management

Ryan White
What Can You Do?

• We will need your help!!

• Be in touch with your Members of Congress
  ➢ Especially if they are members of the “super committee”
  ➢ Tell them to support a balanced approach to deficit reduction
Tools to Take Action

• An Advocate’s Guide to Deficit Reduction
  – Use to educate and inspire community action

• Deficit Reduction Action Alert
  – Readymade alert to tweak or copy for local use
  – Use to motivate staff, volunteers, clients, friends, and allied organizations to action
  – Follow up to increase actions taken
  – Post on Facebook, website, twitter
Tools to Take Action

- Medicaid Defense Toolkit
  - Talking points
  - Factsheets
  - Local coalitions
  - Communications tools
  - What Medicaid means to your district/state

- All tools are available at
  www.doseofchange.org and
  www.aidsunited.org
Questions and Comments?