

# Now that the Supercommittee Has Failed To Reach Agreement ...



*United States Congress*

FOR IMMEDIATE RELEASE

Monday, November 2011



## **Statement from Co-Chairs of the Joint Select Committee on Deficit Reduction**

(Washington D.C.) – Today, the Co-Chairs of the Joint Select Committee on Deficit Reduction, Representative Jeb Hensarling and Senator Patty Murray, released the following statement.

*"After months of hard work and intense deliberations, we have come to the conclusion today that it will not be possible to make any bipartisan agreement available to the public before the committee's deadline.*

*"Despite our inability to bridge the committee's significant differences, we end this process united in our belief that the nation's fiscal crisis must be addressed and that we cannot leave it for the next generation to solve. We remain hopeful that Congress can build on this committee's work and can find a way to tackle this issue in a way that works for the American people and our economy. . . ."*



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# Sequestration Will Kick In Beginning 2013

## How the Law Requires We Get There



Across the board cuts totaling \$1.2 trillion over 10 years begin January 2013

- Step 1:** Start with \$1.2 trillion in required cuts
- Step 2:** Subtract 18% for reduced interest payments
- Step 3:** Divide by 9 years
- Step 4:** Divide total in half, to be cut equally between defense and non-defense spending categories



\$ 1.2 trillion  
- 18% reduced interest payments

**\$984 billion**

/ 9 years

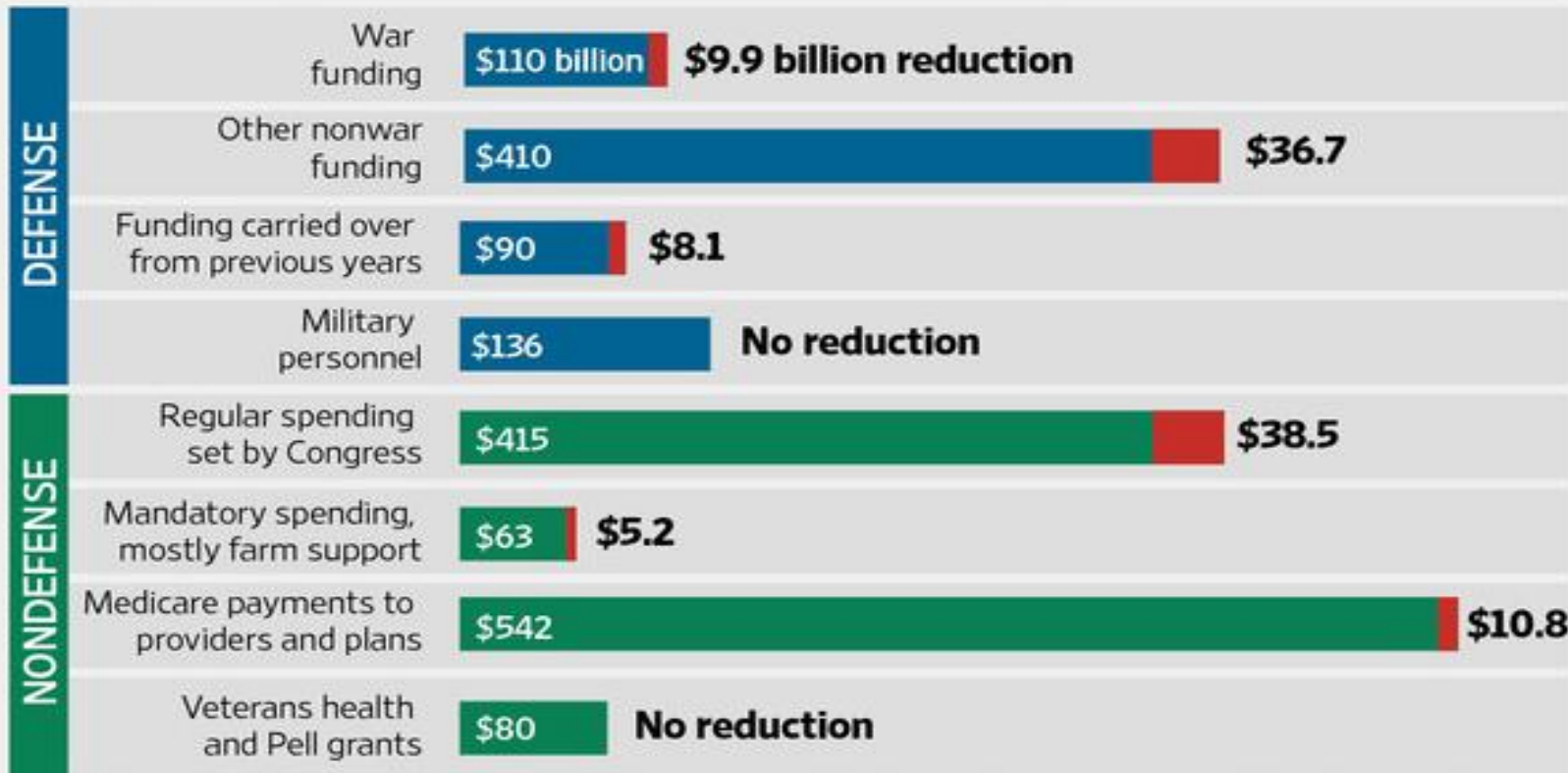
**\$109.3 billion**

/ 2

**\$54.6 billion/year**  
taken equally from  
defense and  
non-defense spending

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# How Reductions Would Be Applied In 2013 Under Sequestration



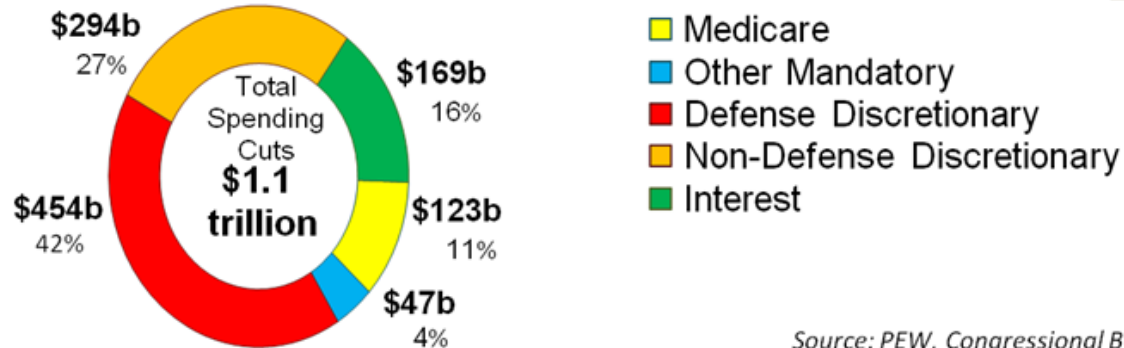
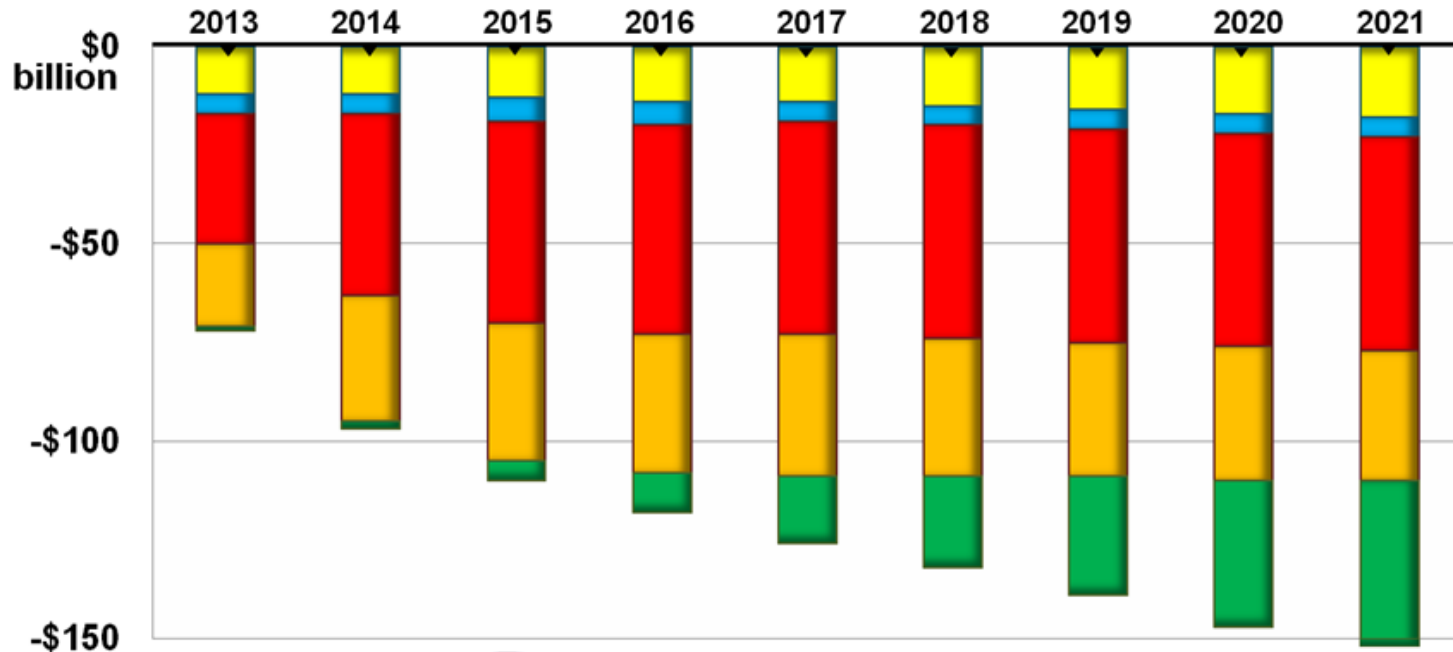
## Not on the Table

- Defense: War financing, Military pay, TRICARE
- Non-Defense: Social Security, Medicaid, CHIP & Child Nutrition, SNAP (Food stamps), Supplemental Security Income, Refundable tax credits (e.g., EITC), Veterans Benefits, Pell Grants, Federal Employees retirement

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# Automatic Spending Cuts Under Sequester

## Annual and Cumulative, FY 2013-2021



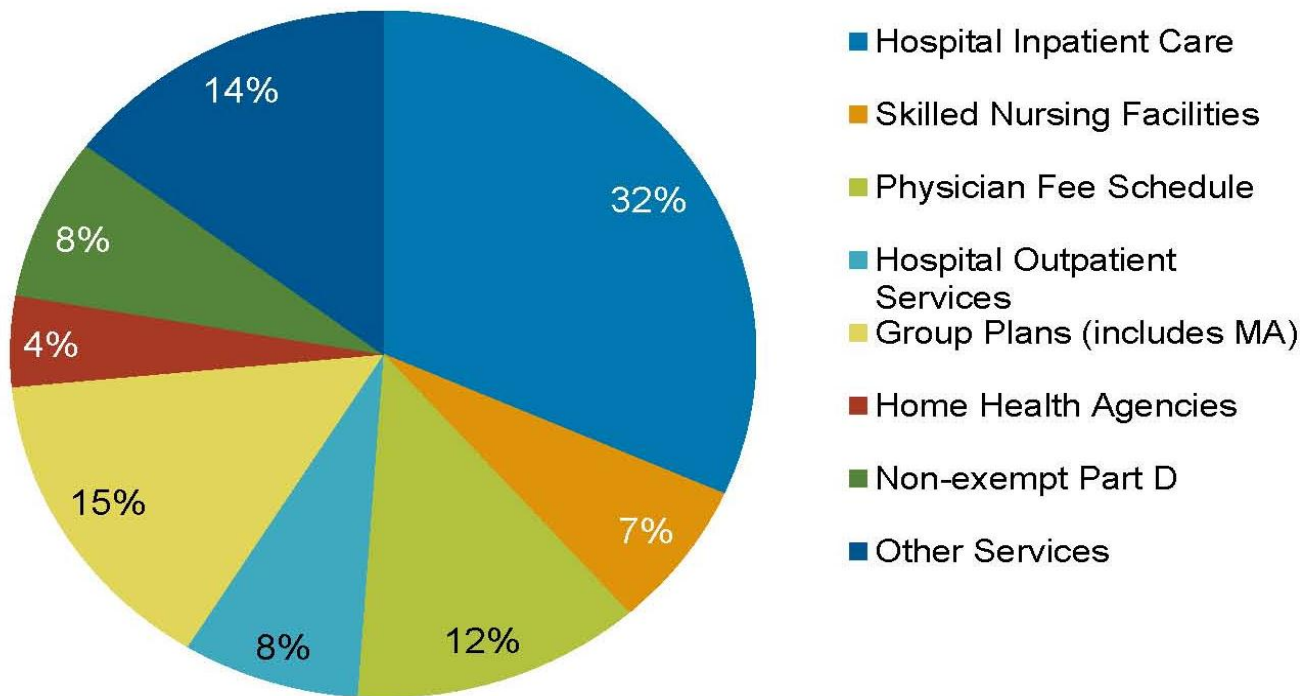
Source: PEW, Congressional Budget Office

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# How Medicare Providers Fare Under The Two Percent Sequestration Cut



**\$123 Billion Total**  
Share of Total FY13-FY21 Cuts,  
by Medicare Service Type<sup>1</sup>



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# Key Issues Congress Will/Could Address Before End of 2011

Must Pass	Likely Pass	May Pass
Continuing Resolution (set to expire 12/16)	Medicare Physician Payment and other Medicare extenders (SGR expires 12/31)	Tax Extenders
	Payroll Tax (extension expires 12/31)	Unemployment Insurance Extension (expires 12/31)
	Alternative Minimum Tax Relief (expires 12/31)	
	DoD Reauthorization (expires 12/31)	

# Tax & Spend 2011-2012: Windows of Risk & Opportunity

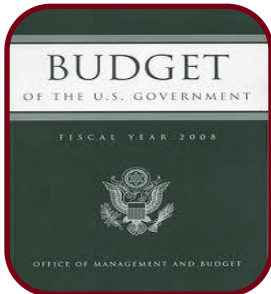
**CR / Omni**  
(Due 12/16/2011)



**"Extenders"**  
(Expire 12/31/11)



**2013  
Budget**  
(Spring 2012)



**Defense Bill**  
(Dec. 2011)



**Must Do Bills**  
(Trans., Farm, FAA)



**U.I.**  
(Reverts to 26 weeks 1/1/12)



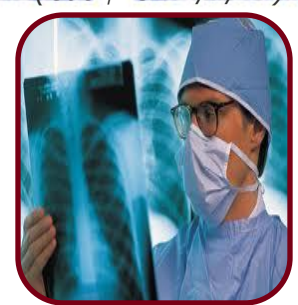
**Jobs Bill**  
(Payroll Tax Cut ends 12/31/11)



**FY '13 Approps**  
(Q2-Q3 2012)



**SGR / Doc Fix**  
(Cut \$15B 1/1/12)



**AMT**  
(Expire 12/31/11)



**Corp Tax Bill**  
(Effort likely in 2012)



**"Bush" Tax  
Cuts**  
(Expire 12/31/12)



Mc  
CA