

COMMITTEE ON PUBLIC AFFAIRS

Committee on Public Affairs

January 9, 2014

5. Federal Relations Update Emily M. Dickens

Situation: There will be an update on Federal legislative activities.

Background: At each meeting the federal relations team provides updates on current and future issues related to federal higher education and research funding.

Assessment: N/A

Action: This is for information only.

Ryan-Murray Deal Strikes Balance Between House and Senate Plans

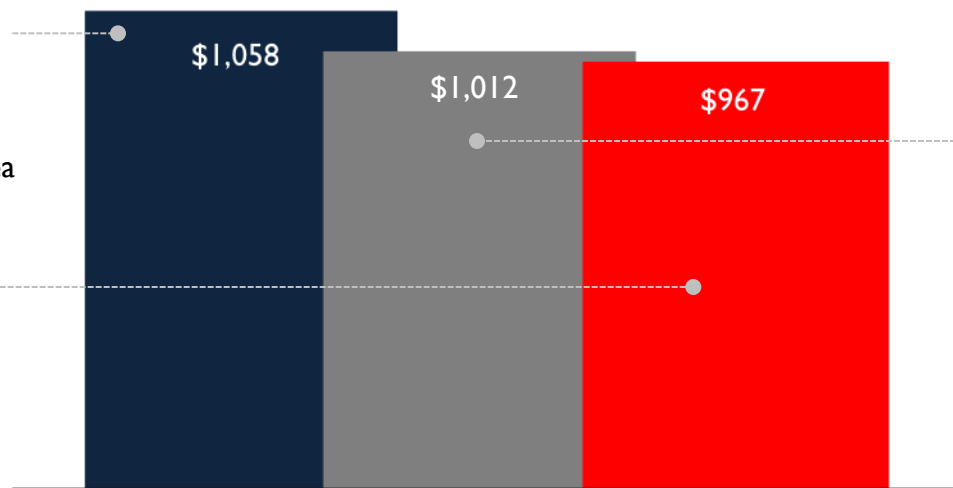
Budget Proposals Comparison

In Billions

Senate proposal Bipartisan Budget Act of 2013 House proposal

Senate proposal called for funding favored education, transportation, and housing programs, but did so by increasing tax revenue, an idea the GOP opposes

House proposal cut spending on domestic programs but also dents defense spending, a consequence of sequester many Republicans would prefer to avoid



Bipartisan Budget Act of 2013 would replace harshest sequester cuts to domestic and defense programs for FY2014 and FY2015

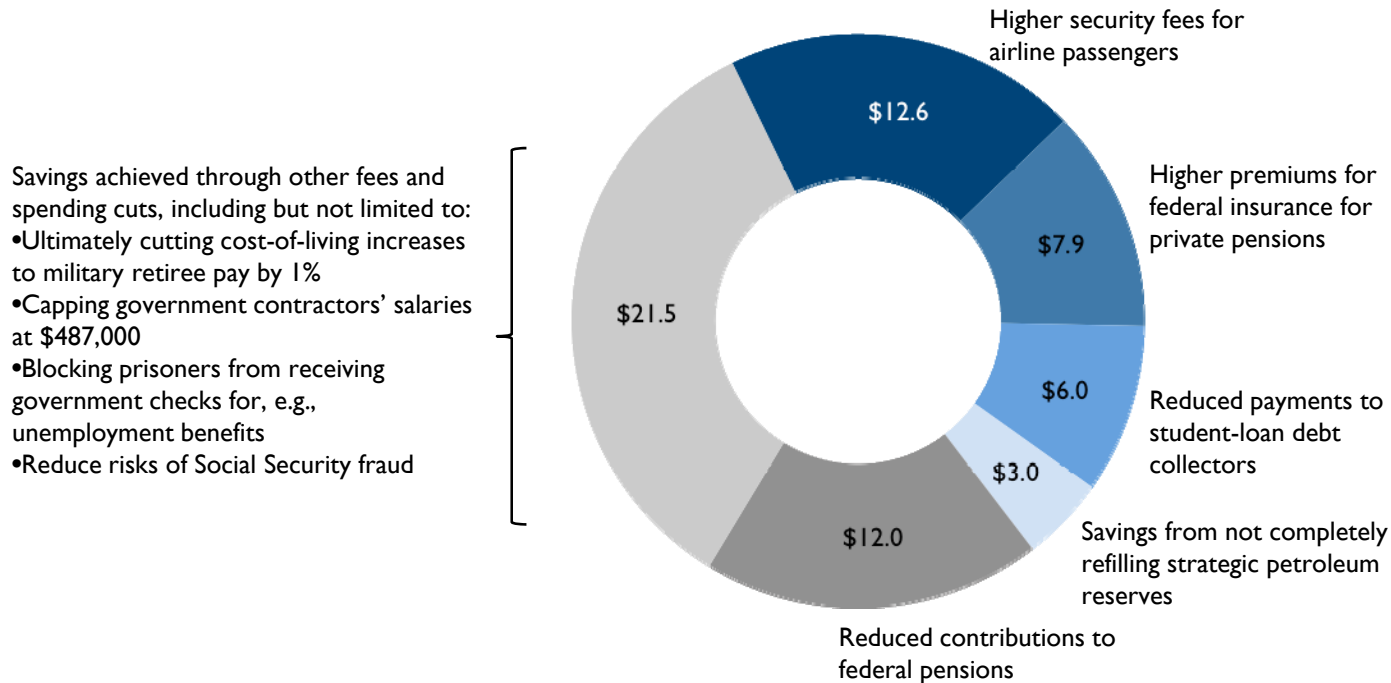
Analysis

- Rep. Paul Ryan (R-WI) and Sen. Patty Murray (D-WA) struck a deal to fund discretionary spending at \$1.012T in FY2014 and \$1.014T in FY2015
- The deal represents a middle ground between House Republican and Senate Democratic plans, both in spending levels and in content
- Notably, the level of spending is higher than that required by the Budget Control Act (as favored by Republicans), but the deal also fails to include major Democratic priorities, such as the extension of unemployment insurance benefits to long-term unemployed

Budget Deal Offset by Spending Cuts, Fees

How the Budget Deal Covers the Cost of Sequestration Relief

(estimated savings, in billions, over a 10-year period)



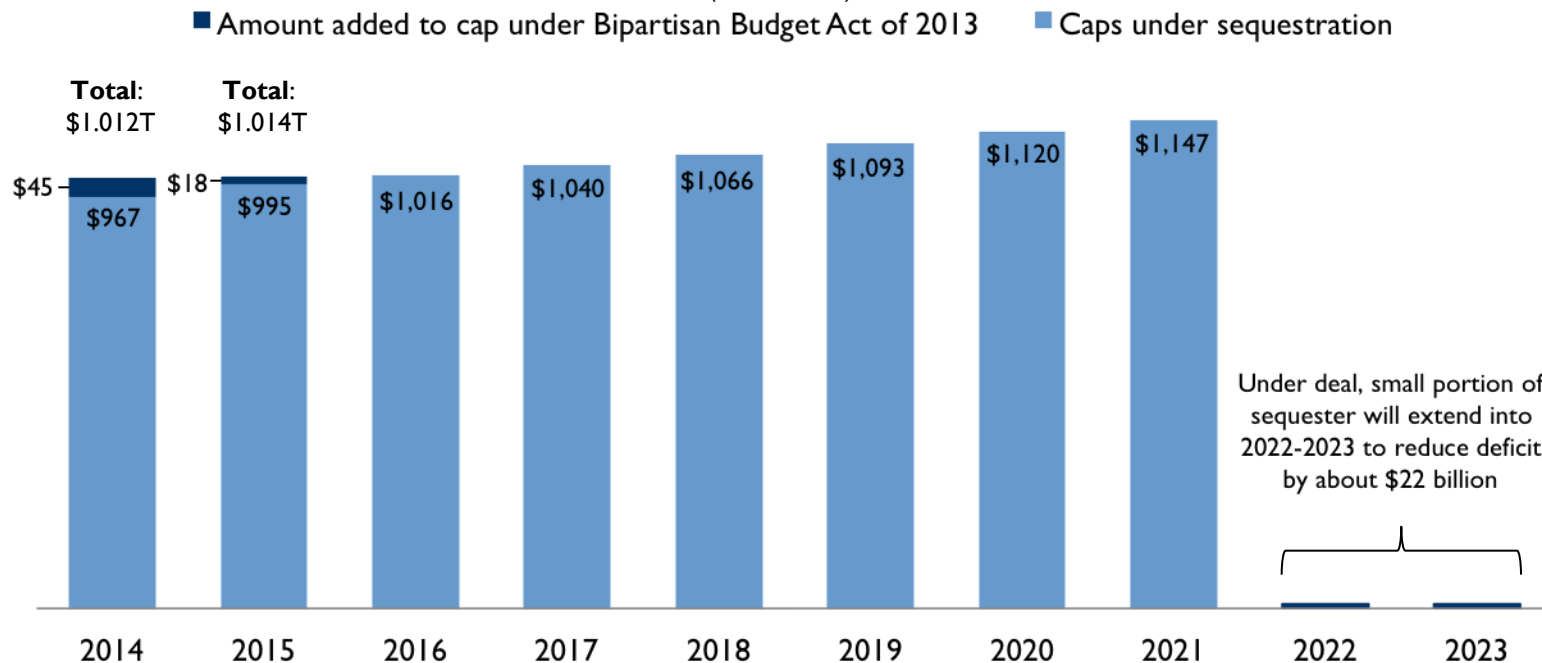
Analysis

- The Bipartisan Budget Act of 2013 calls for \$63 billion in sequester relief by increasing caps on discretionary spending in 2014 and 2015
- Writers of the budget deal say the two-year spending increase is offset by long-term cuts in mandatory spending and by a mix of other spending cuts and the imposition of new fees
- Notably, sequester relief is not offset by new tax revenue—a major win for Republicans, and a loss for Democrats seeking to close tax loopholes in this round of fiscal fights

Source: Tim Alberta, Billy House, and Sarah Mimms, "Republicans and Democrats Reach Budget Deal," *National Journal*, Dec. 10, 2013; Lori Montgomery, "House, Senate negotiators reach budget deal," *The Washington Post*, Dec. 10, 2013; Lisa Desjardins, "The budget deal in plain English," *CNN*, Dec. 11, 2013.

Budget Deal Bumps Up Spending Caps, Extends Sequestration

Discretionary Spending Caps (in billions)



Analysis

- The Bipartisan Budget Act of 2013 increases discretionary spending caps by \$45B in 2014 and \$18B in 2015, with the \$63B total of sequestration relief evenly divided between defense and non-defense discretionary spending
- In addition, the budget deal reduces the deficit by an additional \$22B, achieved primarily by extending the 2% across-the-board cuts to Medicare providers into 2022 and 2023