



One (Bumpy) Year In the Life of the Federal Budget

September 30th marks the end of the fiscal year for the U.S. Government, and if you've had trouble following events in Washington, you're in good company. NPP pulls together key events of 2011 and offers a look ahead to critical decisions awaiting our elected officials.

What happened last year? A Look Back

October 1, 2010— Fiscal Year 2011 Begins

FY2011 begins with none of the usual appropriations bills enacted. The government operates under a Continuing Resolution (CR) – legislation that provides temporary extended funding for federal agencies at the same levels appropriated in the previous year. This is the first of eight CRs Congress passes before finalizing a FY2011 budget. (For an overview of the annual federal budget process, [click here](#).)

December 1, 2010— [Simpson-Bowles Debt Commission Report](#)

The Commission on Fiscal Responsibility and Reform, created by President Obama in February 2010, proposes reducing the deficit with cuts to defense and non-defense discretionary spending and changes to Social Security and Medicare.

- ✧ The Simpson-Bowles proposal fell short of the fourteen votes required to send the plan to Congress, though the commission's "everything is on the table" approach to deficit reduction has become a popular theme in the national debate.

December 17, 2010— Bush Tax Cuts Extension

President Obama agrees to a two-year extension of the Bush-era tax cuts after the GOP leadership threatens to block legislation until the tax cuts are extended. In exchange, a thirteen-month extension of unemployment benefits is part of the same legislation.

- ✧ Estimates of the two-year extension of cuts for the wealthiest 2 percent of Americans (individuals making more than \$200,000 or families with incomes over \$250,000) show a

cost to the government of \$74 billion, while extending the tax cuts for all income levels adds **\$268 billion to national debt**.

- ⤴ If they're extended for another ten years after 2012, **the cost of tax cuts for the wealthiest two percent is \$600 billion**, while retaining the cuts for all taxpayers would cost **more than \$1.7 trillion**.

2010		
October	November	December
FISCAL YEAR 2011 BEGINS No budget in place First FY11 CR maintains 2010 levels through 12/3/10		Second FY11 CR maintains 2010 levels through 12/18/10 Third FY11 CR maintains 2010 levels through 12/23/10 Fourth FY11 CR maintains 2010 levels through 3/4/11 BUSH TAX CUTS extended Simpson-Bowles Debt Commission Report

February 14, 2011— [President Obama's FY2012 Budget Request](#)

The Obama Administration requests \$3.7 trillion for FY2012 (the fiscal year beginning October 1, 2011), including \$1.24 trillion in discretionary spending and a projected deficit of \$1.06 trillion. To create jobs and stimulate the economy, the President proposes a \$500 billion investment in infrastructure and transportation over ten years.

April 8, 2011— [Agreement on the Fiscal Year 2011 Budget](#)

Six months into the 2011 fiscal year, President Obama and Congressional Republicans agree on a budget. The deal cuts \$40 billion from non-security discretionary spending relative to 2010 levels, plus imposes an across-the-board 0.2 percent reduction in all non-security programs.

April 5-15, 2011— [House Budget Resolution for Fiscal Year 2012](#)

House Budget Committee Chairman Paul Ryan (R-WI) releases “Path to Prosperity,” his budget proposal for FY2012, with projections through FY2021. The proposal passes the House after only four hours of debate. Key provisions include:

- ⤴ A five-year cap on non-security discretionary spending at 2008 levels and increases in security funding for each year of the next decade.
- ⤴ A reduction in the top income tax rates for corporations and individuals from 35 percent to 25 percent.
- ⤴ Significant cuts and policy reform within the major entitlement programs – Social Security, Medicare and Medicaid.

- ✧ **By 2021, the Ryan plan would add \$5.1 trillion to federal debt, with a \$400 billion budget deficit in 2021 alone.**

April 5-15, 2011— Congressional Progressive Caucus (CPC) releases "[People's Budget](#)"

The CPC's plan reduces defense spending, increases non-defense discretionary spending and raises taxes on the wealthiest Americans and corporations. The CPC's budget proposal is offered as an amendment to the House Budget Resolution, but fails by a vote of 77-347.

- ✧ **The CPC plan would add \$2.3 trillion to federal debt and yield a budget surplus of \$30 billion by Fiscal Year 2021.**

May 25, 2011— Senate Votes on Budget Proposals

Unlike the House, the Senate fails to enact a FY2012 budget resolution. It votes on four different proposals, and rejects all of them. There was no plan at all proposed by the Senate Budget Committee and, in the Democratic-controlled Senate, the President's budget proposal received *zero* votes.

2011					
January	February	March	April	May	June
	PRESIDENT'S BUDGET REQUEST for Fiscal Year 2012	Fifth FY11 CR cuts \$4 billion through 3/18/11	Sixth FY11 CR cuts \$6 billion through 4/8/11 Seventh FY11 CR cuts \$2 billion through 4/15/11 Eighth FY11 CR cuts \$28 billion through 9/30/11 FY11 BUDGET PASSED , \$40 billion below 2010 levels Rep. Ryan introduces "Path to Prosperity" for FY2012 CPC introduces "People's Budget" for FY2012		

August 2, 2011— [Debt Ceiling Deal and the Super Committee](#)

At the eleventh hour and facing a government shutdown and debt default, President Obama and Congressional leaders reach a deal on raising the debt ceiling. **The Budget Control Act of**

2011 places annual caps on discretionary spending to generate \$917 billion in savings by 2021.

- ✦ The legislation creates the Joint Select Committee on Deficit Reduction (the “Super Committee”) comprised of six Senators and six Representatives evenly divided between Democrats and Republicans. **They are tasked with finding a minimum of \$1.2 trillion in additional cuts over ten years.**
- ✦ If the Super Committee fails to meet this target by November 23, 2011, or if Congress fails to enact the Super Committee proposal by December 23, 2011, then it triggers “sequestration” — automatic across-the-board cuts split 50/50 between defense and non-defense programs.

September 8, 2011— President Obama Proposes [American Jobs Act](#)

The President releases a jobs bill to address the weak economy and persistent unemployment. His proposal includes cuts to payroll taxes, a \$4,000 tax credit for employers who hire the long-term unemployed, investments in infrastructure and funds to prevent teacher layoffs and retain police officers and firefighters. He implores Congress: “Pass this bill now.” Neither the Senate nor the House takes up the legislation.

September 19, 2011— President's Plan for Economic Growth and Deficit Reduction

President Obama unveils his long-term proposal for closing the budget deficit, **a plan that would create \$3.2 trillion in savings over the coming decade.** The President proposes:

- ✦ Trimming \$248 billion from Medicare, making administrative changes to Medicaid and modifying a host of smaller programs like agricultural subsidies.
- ✦ Accruing \$1.1 trillion in savings from the drawdown in Iraq and Afghanistan.
- ✦ Allowing the Bush tax cuts to expire for the wealthiest 2 percent of Americans, closing loopholes and ending tax policies that favor certain sectors, like oil and coal.

2011		
August	September	October
DEBT CEILING RAISED – Budget Control Act cuts \$917 billion over 10 years Super Committee Appointed Must cut \$1.2 trillion over 10 years and vote by 11/23/11	The President introduces American Jobs Act and Plan for Economic Growth and Deficit Reduction First FY12 CR maintains 2011 levels through 11/18/11	FISCAL YEAR 2012 BEGINS No budget in place

What can we expect in the coming year? A Look Ahead

October 1, 2011— Fiscal Year 2012 begins just as FY11 did. Congress has not passed any of its twelve annual appropriations bills, although the Senate has passed a CR to fund the government through November 18. The House is expected to do the same when it returns from a week-long recess.

February 2012— President Obama is expected to release his federal budget request for FY2013. Yet if there is still no budget in place for FY2012, the President's request may once again seem dead on arrival.

November 2012— Elections will be held for the President, 33 Senators and all members of the House of Representatives.

**A struggling economy... a divided Congress... a presidential election...
2012 promises to be another rollercoaster.**

Take Action

- ⤴ [NPP helps you contact your elected officials and media outlets](#) Build your own federal budget at www.buildabetterbudget.org
- ⤴ [Tell the Super Committee your ideas](#) about how we should reduce the deficit

**Stay with NPP as we follow the ups and downs
of our federal budget in 2012**



www.nationalpriorities.org