

## Headlines from the Hill

September 2011 Vol. 6 No. 9

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**After months of debate** and intense negotiation among the U.S. House of Representatives, Senate, and White House, President Barack Obama signed the Budget Control Act of 2011 (S. 365) into law on August 2. This legislation will raise the nation's debt ceiling through the end of 2012 and paves the way for trillions of dollars in government spending cuts. Although Medicare and Medicaid dodged a bullet in this first round, ANA remains concerned that safety-net programs will be on the chopping block once the newly created Deficit Reduction Committee seeks to identify another \$1.5 trillion in savings.

### Raising the debt ceiling

In the final weeks before the August 2 deadline, when the U.S. government would reach its maximum borrowing limit, House Speaker John Boehner (R-OH) and Senate Majority Leader Harry Reid (D-NV) floated competing plans to raise the debt ceiling and cut government spending. The final, two-stage compromise incorporated pieces of each plan, thus garnering enough bipartisan support to pass both houses. Although many in Congress acknowledged there were many specific pieces to the legislation they did not like, the House of Representatives passed the measure by a somewhat disgruntled bipartisan vote of 269-161. The bill was then sent to the Senate, where it was also passed by a vote of 74-26.

The final bill included the following provisions:

- It establishes a procedure to raise the debt limit by \$400 billion immediately, with an additional \$500 billion subject to Congressional disapproval, and sets up a two-step process for another increase of between \$1.2 trillion and \$1.5 trillion.
- It sets spending caps to discretionary expenditures for a \$1 trillion deficit savings over the next 20 years. This amounts to a spending freeze at 2011 levels. Medicare and Medicaid were not included in the across-the-board cuts in phase one of the debt-ceiling agreement.
- It creates the Congressional Joint Select Committee on Deficit Reduction, a bipartisan committee of 12, to find further deficit reductions of at least an additional \$1.5 trillion by November 23.
- It institutes a trigger of a mandatory sequestration, or cuts in government funding, if the committee cannot agree and pass deficit reductions. The trigger would include automatic across-the-board spending cuts to both discretionary and nondiscretionary spending.

Passage of this act ended months of deadlock. However, the debate over the deficit and cuts in spending are far from over. The newly created committee will need to walk a fine line between deficit reduction and providing for the general welfare and security of the country. If the committee and Congress cannot agree to reduce spending by \$1.5 trillion on their own by December 23, it will trigger cuts that would come from defense and from nondefense discretionary spending, including Medicare services.

The trigger was crafted to give both parties strong incentives to come to the table and reach an agreement by the December deadline. The Republicans would risk loss of funding for defense spending, one of their top priorities, while Medicare funding—a priority for Democrats—would be on the chopping block as well. With the 2012 elections just around the corner and public frustration with the way Congress has handled the debt-ceiling debate high, both parties have a lot at stake in the next few months.

ANA will continue to work to counter attacks on Medicaid and Medicare funding and to ensure that nurses are informed about the deficit negotiations as the process moves forward. To follow possible cuts to Medicare and Medicaid, visit [www.rnaction.org/medicaid](http://www.rnaction.org/medicaid) ([www.rnaction.org/medicaid](http://www.rnaction.org/medicaid)).

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