

MAG Regional Council
September 26, 2012

LEGISLATIVE UPDATE

FEDERAL BUDGET

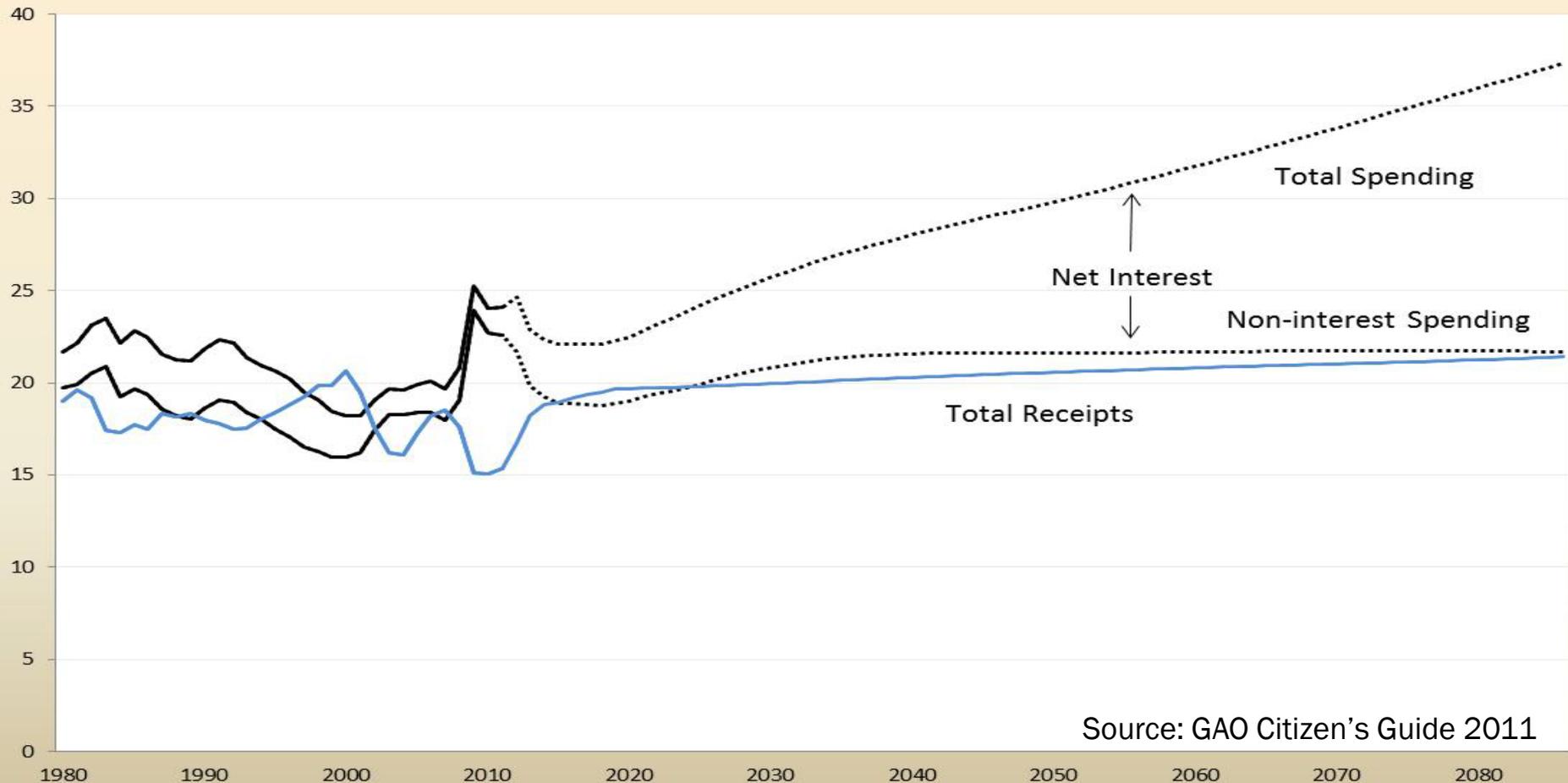
- ✘ Congress passed a Continuing Resolution
 - + Through March 2013
 - + President expected to sign before October 1st
- ✘ However, a Fiscal Cliff looms...
 - + Mandatory spending cuts and tax increases
 - + Created by Budget Control Act of 2011

WHY SEQUESTRATION?

- ✘ National debt sparked discussion
 - + \$15.882T (as of July 18, 2012)
 - + Increased by over \$500 billion each year since FY03
- ✘ Budget Control Act of 2011
- ✘ Congressional Debt Super Committee
 - + Charged with determining how to make reductions
 - + No agreement = automatic sequestration

Chart 2: History and Current Policy Projections for Total Spending, Net Interest, Non-interest Spending, and Total Receipts, 1980-2086

Percent of GDP



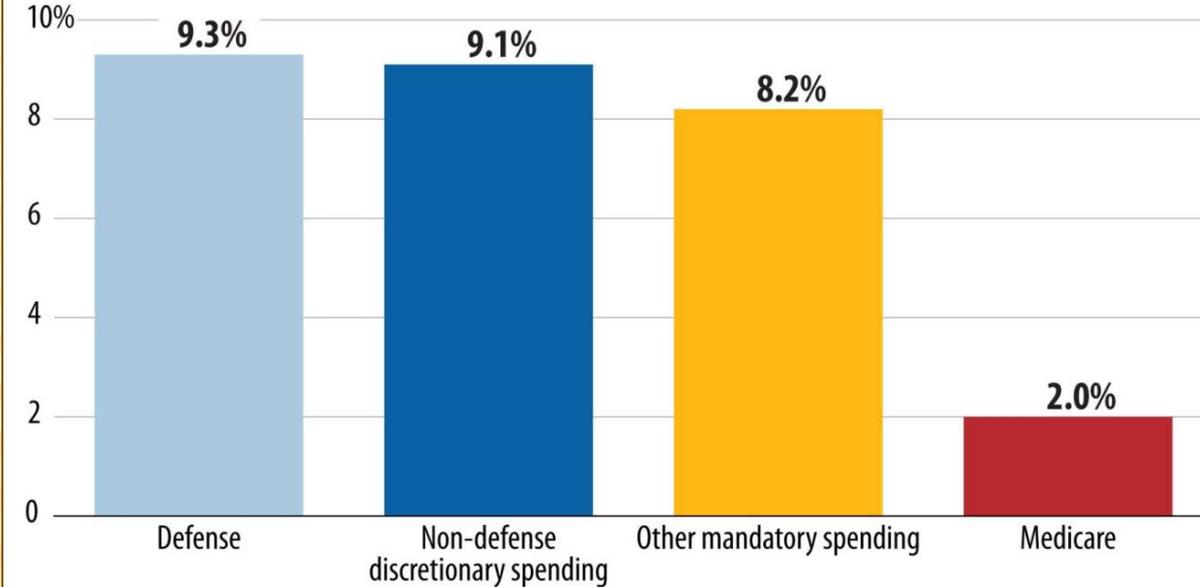
Source: GAO Citizen's Guide 2011

SEQUESTRATION 101

- ✘ **WHAT?** Automatic, across-the-board cuts on federal domestic and defense discretionary and mandatory funds starting January 1, 2013.
- ✘ **HOW?** Created under the Budget Control Act the debt limit deal passed by Congress in August 2011.
- ✘ **TOTAL?** \$1.2 trillion to be cut evenly over 2013-2021

Cuts Required in 2013 by Sequestration

Percent cuts in non-exempt programs



Source: CBPP calculations from Congressional Budget Office data.

Center on Budget and Policy Priorities | cbpp.org

Annual spending cuts: 2013-2021

Defense:\$54.7B

Non-Defense:\$54.7B

SEQUESTRATION BY THE NUMBERS

ARIZONA IMPACT: AEROSPACE AND DEFENSE INDUSTRIES

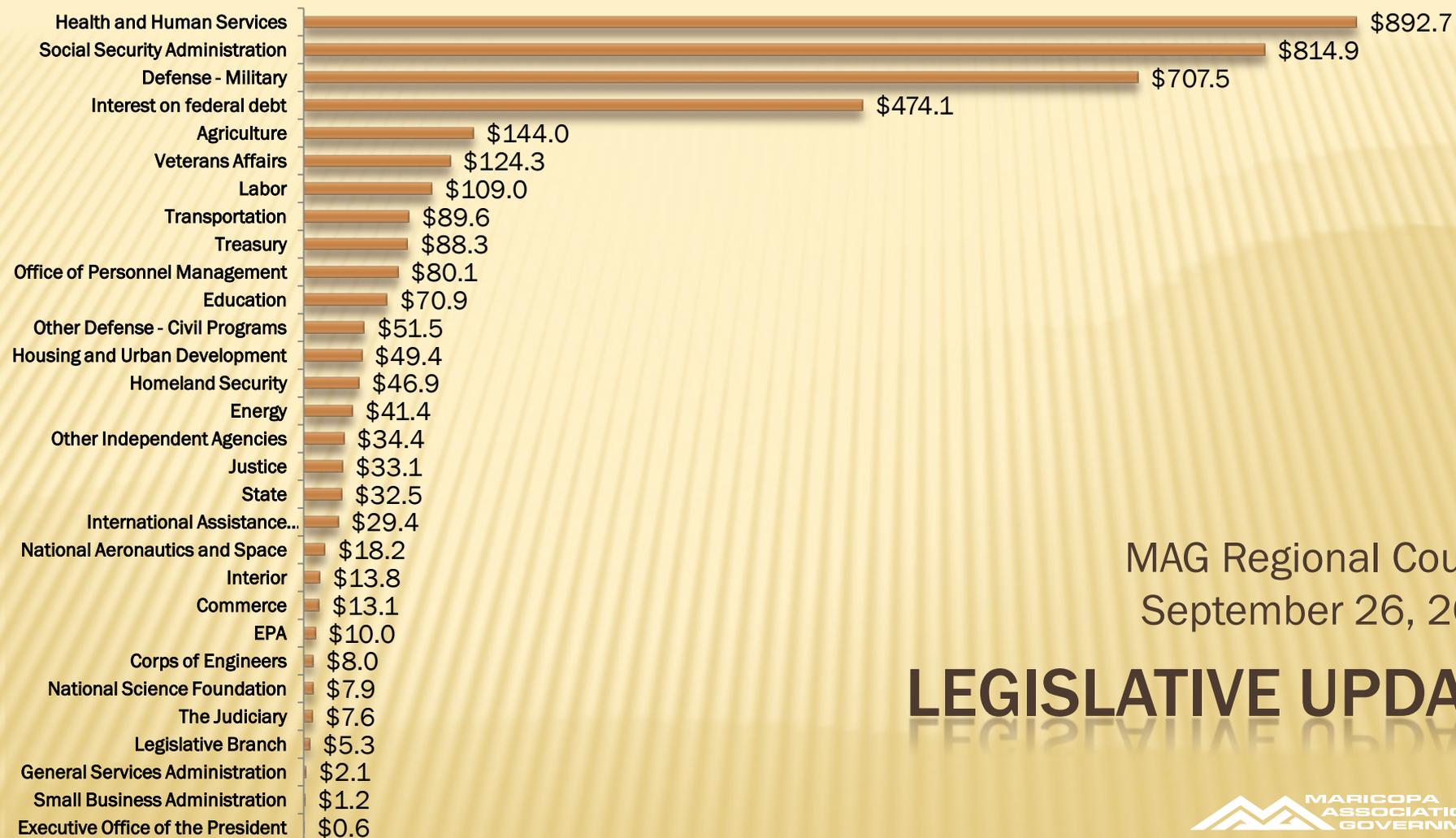
- ✘ Arizona is 5th largest employer of aerospace and defense jobs nationally.
- ✘ If sequestration measures are enacted, Arizona could lose over 30,000 jobs.



CAN THIS BE AVOIDED?

YES

- ✘ Congress can pass legislation that undoes the legal requirement in the Budget Control Act.
- ✘ President Obama would need to sign before January 2, 2013.



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