

The Clock Is Running Out to Reach Budget Deal to Stop the Sequester & Prevent Another Government Shutdown

With the House scheduled to be in session for just 11 days through the end of the year, time is running out to reach an agreement on the budget that replaces the reckless sequester, avoids another harmful and expensive government shutdown, and gives our economy and the American people the certainty they deserve.

RESPONSIBLE BUDGET COMPROMISE

Reaching a budget compromise would end the uncertainty faced by the global economy, businesses, and American families according to economists and officials:

- Moody's Analytics Chief Economist Mark Zandi: "Every six months, we have a showdown. The constant brinkmanship has weighed on decisions to invest and hire." [[USA Today, 10/17/13](#)]
- Congressional Budget Office Director Doug Elmendorf: "...a clear resolution of the long-term budgetary concerns would be beneficial. But even if that is not feasible right now, reallocating elements of the budget to comport better with the country's priorities as lawmakers view them, while reducing uncertainty about fiscal policy next year and improving or at least not worsening the long-run budget outlook, would be a good thing—even if it left significant challenges to be addressed in next year's budget process." [[Testimony, 11/13/13](#)]
- White House Council of Economic Advisers Chairman Jason Furman: "[Temporary spending bills] are like autopilot, and all you're doing is adjusting the altitude. And you're not adjusting altitude in the right direction either." [[Wall Street Journal, 11/13/13](#)]
- Commission on Political Reform Co-Chair Olympia Snowe and Member Karen Hughes: "Lurching from deadline to deadline and crisis to crisis erodes the confidence of the American people, the business community and the world. There is no reason for Congress to postpone budget action until arbitrary deadlines in January and February. It can and should start returning to functionality by completing a House-Senate budget conference report by the Dec. 13 deadline, raising the debt ceiling and funding the government for the remainder of the fiscal year." [[Washington Post, 11/7/13](#)]
- EMC Corp. Chief Financial Officer David Goulden: "Uncertainty makes it harder for us to predict our business, when you have an important sector that's limping along from a budget point of view. It's part of the global environment right now, everybody is impacted by it to a certain extent." [[Bloomberg, 11/14/13](#)]
- 54 percent of Republicans would support a deal that provides a "long-term solution," even if it includes revenue increases, according to a Peter G. Peterson Foundation poll. [[Washington Post, 10/30/13](#)]

PREVENT A SHUTDOWN

Last month, Republicans' obsessive focus on undermining the Affordable Care Act and adamant refusal to compromise led to a 16-day government shutdown, creating uncertainty for workers, businesses, and the economy. The ramifications of Republicans' recklessness are still being felt and the many negative impacts clearly illustrates why another government shutdown can't happen again:

- The shutdown is expected to lower fourth quarter real GDP growth by 0.2-0.6 percentage points and cost the economy \$2 to \$6 billion in lost economic output, according to the Office of Management and Budget. [[11/7/13](#)]

- Standard and Poor's: “We believe that, to date, the shutdown has shaved at least 0.6% off of annualized fourth-quarter 2013 GDP growth...” [[Business Insider, 10/16/13](#)]
- Macroeconomic Advisers: “A 2-week partial government shutdown would directly trim about 0.3 percentage points from 4th-quarter growth.” [[10/14/13](#)]
- Mark Zandi, chief economist at Moody's Analytics: “The 16-day Federal shutdown and political brinksmanship around the Treasury debt ceiling hurt the economy. The hit to fourth quarter real GDP is estimated at ... half a percentage point of growth.” [[10/21/13](#)]
- Paul Edelstein and Doug Handler of IHS Global Insight: “The three weeks of government shutdown will cost the economy \$3.1 billion in gross domestic product from lost government services. There will also be some impact from lost private-sector jobs tied to the shutdown, as well as a loss of consumer and business confidence resulting from the debt-ceiling showdown.” [[New York Times, 10/19/13](#)]
- The shutdown resulted in \$152 million per day in all spending related to travel lost because of the shutdown, according to the U.S. Travel Association, with as many as 450,000 American workers supported by travel affected. [[ABC, 10/17/13](#)]
- The shutdown resulted in \$76 million per day in lost spending because of National Parks being shut down, according to the National Parks Service. [[USA Today, 10/10/13](#)]

REPLACE THE RECKLESS SEQUESTER

With additional cuts in January 2014, a responsible budget solution should replace the reckless across-the-board spending cuts of the sequester that are already hurting a broad range of critical programs:

- Robert Hale, the Pentagon's Comptroller: “Frankly, I am nervous... We still don't know what fiscal '14 is, which is an extraordinary situation ... If we go to full sequestration, we will see some continued degradation of readiness. The Air Force won't be able to recover....The Navy may see some degradation in readiness.” [[POLITICO, 11/11/13](#)]
- According to a study of 171 schools conducted by the Association of American Universities, Association of Public and Land-Grant Universities and The Science Coalition, 87% of public and private research universities reported the federal budget sequester has had an immediate, detrimental impact on research, with 70 % noting delays in research and 70 % experiencing reductions in the number of new grants. [[CQ, 11/12/13](#)]
- Due to a \$400 million reduction to the \$8 billion in funding for Head Start, this fall 57,000 children will be kicked off a program providing low-income students in preschool two hot meals a day, transportation to and from school, and basic medical care. [[USA Today, 8/20/13](#)]
- A \$50 million cut to NASA's \$628 million budget in 2014 could result in delays or cuts to space exploration programs, educational outreach, and research missions [[USA Today, 4/23/13](#)]

Democrats are ready to compromise, but House Republicans must be willing to work with Democrats to reach a bipartisan, balanced agreement that replaces the sequester and prevents another harmful government shutdown. The clock is running out.