

\$100 Billion From Where?

SINCE LAST FALL, House Republicans have been on a mission to cut \$100 billion in federal spending. But the context is elusive, with different speakers defining the cir-

cumstances to suit their own preferences. Now the figure at issue seems to be \$57.5 billion. Still, the original number retains its power. So here's a guide to follow debate:

Where did \$100 billion come from?

On Aug. 24, 2010, House Republican Leader **John A. Boehner** put that figure on the table in an economic policy speech to the City Club of Cleveland:

"When Congress returns, we should force Washington to cut non-defense discretionary spending to 2008 levels — before the stimulus was put into place. This would show Washington is ready to get serious about bringing down the deficits that threaten our economy."

On Sept. 23, House Republicans unveiled their "Pledge to America" campaign platform, with this plank:

"We offer a plan to stop out-of-control spending and reduce the size of government. With common-sense exceptions for seniors, veterans, and our troops, we will roll back government spending to pre-stimulus, pre-bailout levels, saving us at least \$100 billion in the first year alone and putting us on a path to balance the budget and pay down the debt."

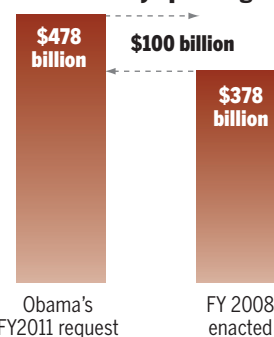


BOEHNER IN CLEVELAND: The GOP leader told a gathering last August that he wanted to return to pre-recession spending levels.

How did Republicans come up with \$100 billion?

When asked for details, Republican leaders said they compared fiscal 2008 appropriations against President Obama's fiscal 2011 budget request, and found a \$100 billion difference in the amount of discretionary, "non-security" spending.

Domestic discretionary non-security spending



SOURCE: House Budget Committee

This definition counted as security spending the appropriations bills for the departments of Defense, Homeland Security and Veterans Affairs. The calculation also adjusted Obama's budget to include mandatory spending for Pell educational grants.

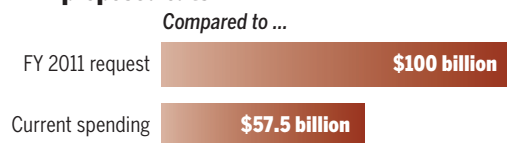
How did \$100 billion get to \$57.5 billion?

Since last fall, the baselines for comparing spending plans have shifted several times.

House Republicans initially wrote a bill to bring non-security spending — spending that basically excludes defense and homeland security accounts — down to a monthly rate that would equal the 2008 levels. But many GOP conservatives rebelled, forcing their leaders to include more cuts, including from security spending, to reach a level \$100 billion below Obama's total 2011 request.

With continuing resolutions, government has been operating mostly at 2010 levels, which the GOP spending-

HR 1 proposed cuts

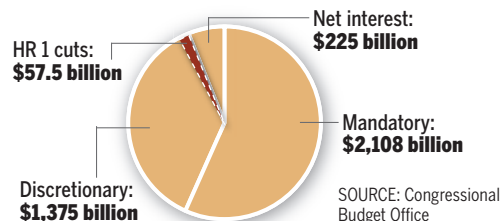


cut bill (HR 1), as passed by the House, would have reduced by \$61.5 billion.

Subsequent enactment of a two-week continuing resolution cut \$4 billion from current spending, meaning that the Republican bill would yield an additional \$57.5 billion in savings this fiscal year.

Senate Democrats offered an alternative that the Congressional Budget Office says would reduce current spending by an additional \$4.7 billion.

Current spending, FY 2011



SOURCE: Congressional Budget Office

What difference would it make?

When looking at the \$15.05 trillion national debt the CBO projects for this year — or \$3.708 trillion annual spending — \$57.5 billion is tiny. However, Republicans say they intend to cut more, and that this initial action would "show Washington is ready to get serious about bringing down the deficits that threaten our economy."

Given how vociferously Democrats are reacting, Republicans may have won the first round of the messaging war.