



Council of Graduate Schools

Advocacy, Research, and Innovation

The Budget Control Act of 2011

Impact on Graduate Education

September 12, 2011

Patty McAllister

Agenda

- Overview of the major provisions of the Budget Control Act
- Provisions that impact graduate education
- How the new act impacts the appropriations process for FY 2013 and beyond
- What you can do



Three basic elements of the Budget Control Act

1. Raises the federal debt ceiling limit in steps
2. Reduces the federal deficit over the next decade
3. Requires a Congressional vote on a federal balanced budget amendment



Debt Ceiling Increase

- Authorizes \$400 billion immediately with another \$500 billion available unless Congress enacts a joint resolution of disapproval.
- February 2012 – approximate time when the first \$900 billion of debt ceiling increase runs out.
- February/March 2012- President uses his authority under the bill to increase the debt ceiling a second time –also deadline for congress to consider a resolution of disapproval for the second tranche (\$1.2-\$1.5 trillion of debt limit increase)
- Fall/Winter 2012- The additional \$2.1-\$2.4 trillion of borrowing authority from the law runs out.



Deficit Reduction

- Package reduces federal spending by \$917 billion over the next ten years.
- Places caps on annual appropriations' bills on federal agencies' budgets.
- Creates a Joint Select Committee on Deficit Reduction to find an additional \$1.5 trillion in savings over 10 years
- 12-Member Committee appointed in August



Deficit Reduction Continued

- Only minimal cuts will be implemented in FY 2012 and 2013
- In these two years, cuts will be equally split between security and non-security spending
- 2012 discretionary spending cap is \$29 billion higher than the cap house Republicans approved



Implications for Graduate Education - Present

- Elimination of in-school interest subsidy for graduate and professional students – savings of approximately \$18 billion over 10 years
- Savings redirected to support the maximum Pell grant award of \$5550 dollars
- Loan discounts also eliminated.



Joint Select Committee on Deficit Reduction

Republicans

- Congressman Jeb Hensarling – Texas (co-chair)
- Senator John Kyl – Arizona
- Senator Pat Toomey – Pennsylvania
- Senator Rob Portman – Ohio
- Congressman Dave Camp – Michigan
- Congressman Fred Upton – Michigan

Democrats

- Senator Pat Murray – Washington (co-chair)
- Senator John Kerry – Massachusetts
- Senator Max Baucus – Montana
- Congressman James Clyburn – South Carolina
- Congressman Xavier Becerra – California
- Congressman Chris Van Hollen – Maryland



Joint Select Committee Continued

- Must present plan to reduce the deficit by at least \$1.2 trillion by November 23
- Congress must vote on the plan under expedited procedures by December 23.
- Committee is empowered to consider increasing revenues and reducing entitlements



Joint Select Committee Continued

- Sequestration
- Automatic across the board spending cuts would start on January 2, 2013 and would be evenly split between defense and non-defense spending.
- Entitlements, Social Security, Medicaid, unemployment insurance, programs, for low-income families, civilian, military retirement are exempt from sequestration.



FY 2013 Appropriations Process

- OMB guidance to federal agencies – FY 2013 budgets – 5% reduction and 10% reduction scenarios must be presented
- Identify programs that should be “doubled-down”
- Identify programs where there is duplication



Implications for Graduate Education – Future

- Scalpel vs. chain saw
- JSC can agree to strategic investments for the future – requires off sets elsewhere
- Support for graduate education programs in federal agencies is critical going forward.



The American Jobs Act

- \$447 billion jobs plan proposed by President Obama
- Debt Panel asked to add this amount to their task of finding \$1.5 trillion in savings over the next 10 years
- President plans to release his own more ambitious deficit reduction plan week of Sept. 12



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What You Can Do

1. Contact your Senators and Representatives to urge support for graduate education programs at NIH, NSF, Department of Education, Department of Energy, Office of Science, etc.
2. Work with your university government relations officers to highlight the importance of Grad. Ed.
3. Consider calling or visiting with your member of Congress during Congressional Work Periods to reinforce the connection between graduate education and competitiveness/innovation.



What You Can Do Continued

- Invite elected officials to speak at state and regional graduate dean association meetings
- Contact key state officials to discuss the importance of graduate education and seek their assistance in making the case for strategic investments in graduate education.



Questions and comments?



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