THE AMERICAN LEGION LEGISLATIVE POINT PAPER

THE CONGRESSIONAL “SUPERCOMMITTEE”

With enactment of the Budget Control Act of 2011 (P.L.112-25), Congress agreed to increase the debt ceiling in exchange for immediate deficit reductions and a process to enact additional deficit reduction measures. As the first step of this Act, new caps were put on discretionary spending for the next ten years, which, if maintained, will result in approximately $900 billion in deficit reduction.

For fiscal years (FY) 2012 and 2013, there are separate “caps” for security and non-security spending. Security spending includes defense, state and foreign operations, homeland security, and military construction/veterans affairs. In those two years, the “security savings” would comprise $5 billion of the approximate $10 billion in savings. The Department of Defense has begun drafting cuts of approximately $350 billion across those ten years. Because of advance appropriations for the medical accounts of the VA budget, most agree VA will be burdened with very little in FY12.

The second step was the creation of a Joint Select Committee on Deficit Reduction (popularly referred to as the “Supercommittee”) which is tasked with proposing at least $1.2 trillion in additional deficit reduction, which could come from any combination of spending reductions, entitlement reforms, or revenue increases. The committee has an aggressive timeline with a final proposal to be completed November 23rd.

If this Committee is unable to reach agreement on a proposal, or if Congress does not approve the proposal made by the Committee, automatic “across-the-board” cuts would take effect under a process called “sequestration” beginning in January 2013. Under the Budget Control Act, if sequestration were to take effect, 50 percent of the budget cuts would come from defense spending and 50 percent would come from non-defense accounts.

The sequestration mechanism dates back to P.L. 99-177, the Balanced Budget and Emergency Deficit Control Act of 1985 (BBEDCA), commonly known as the “Gramm-Rudman-Hollings Act.” Under the BBEDCA, there were exemptions from these “across-the-board” cuts, including veterans’ compensation and pension payments. Other programs that are exempt from cuts include Social Security, Medicaid, and most welfare programs including food stamps.

The BBEDCA was amended by the Statutory Pay-As-You-Go Act of 2010 (P.L. 111-139) in the 111th Congress. This law expanded the exemptions from compensation and pension, to “all programs administered by the Department of Veterans Affairs.”
applying to both mandatory benefits and discretionary programs, including VA health care. As a result, it is expected if the "supercommittee" process fails and sequestration is invoked, the law would be interpreted to exempt all VA programs from cuts.

Despite the protections which appear to extend to automatic cuts to VA programs, The American Legion's work is not done at this point. There are programs providing veterans' benefits outside of VA, including the Department of Labor's Veterans Employment and Training Service (VETS), still subject to sequestration cuts. Moreover, defense and foreign affairs spending would suffer tremendous cuts. The Department of Defense (DOD) anticipates their cuts would total approximately $600 billion across that ten year period – thus burdening the DOD with $950 billion of the $2.4 trillion of cuts imposed by the Budget Control Act. So while the defense spending comprises about 20 percent of the spending, they would be burdened with almost 40 percent of the cuts. The sequestration "trigger" was developed so that both parties would find failure by the "supercommittee" to be unpalatable.

The DoD has not been without a voice in this debate. Army General Martin Dempsey, President Obama's nominee for the Chairman of the Joint Chiefs of Staff, the highest ranking post in the military, has been a vociferous opponent of over-cutting from the Defense budget and compromising national security. "National security didn't cause the debt crisis nor will it solve it," Dempsey stated firmly to the Senate Armed Service Committee. Distancing himself from remarks by the outgoing Chief of Staff Admiral Mike Mullen, who had noted the economic crisis was the "single biggest threat to national security," Dempsey continued, "I wouldn't describe our economic condition as the single biggest threat...there are a lot of clear and present threats to national security in the current operational environment."

Other military leaders have cautioned of the dangers of a "hollow force" such as the state of affairs in the late 1970's when aircraft sat idle on runways without engines because of budget shortfalls. General Phillip Breedlove, the Air Force Vice Chief of Staff and General Joseph Dunford, Assistant Commandant of the Marine Corps, have both gone on record to state if the cuts exceed $400 billion they would have to consider "fundamental changes" to the nature of their capability and mission.

Few observers are optimistic the "supercommittee" process will be successful. They point to the equal distribution of members from each party. Once the membership had been appointed, many point to the backgrounds and links of the "supercommittee's" members to the party leadership. Others point to the failure of other committees in the past when dealing with such all-encompassing issues. Finally, President Obama and some members of the "supercommittee" have recently expressed a desire to make the work of the panel larger in scope, including perhaps another round of stimulus spending and job initiatives. As the committee’s proposal grows in either dollars or complexity, the likelihood of losing the votes necessary to pass a recommendation increases.
For the time being, The American Legion’s work must revolve around influencing the “supercommittee” to make recommendations as benign as possible for our programs and constituency. By October 14th, each House and Senate committee will submit recommendations on programs and savings that the supercommittee can look to for savings to comprise the $1.2 trillion. The guidance on how each committee can do that, or what type of savings the “supercommittee” is asking for is unknown at this point.

Because of the limited staff and timeline imposed on the supercommittee, most agree the recommendations will be those we’ve seen recently. For VA those could include:

- Further restrict enrollment of Priority Group 8 and/or dis-enroll Priority Group 8 veterans
- Require enrollment fees and/or increase medical and prescription drug copayments
- Reduce the number of VA health care facilities, expand provision of private sector vouchers for veterans, and other efforts to downsize VA health care
- Means test all benefits, including disability compensation
- Tax disability compensation payments
- Offset disability compensation for veterans also receiving SSDI
- Provide lump sum payments for some or all disability compensation
- Change standard for “service-connection” to performance of duty
- Higher participation fees for GI Bill and insurance programs
- Tighten the evidentiary requirements for new presumptive conditions
- Change current Social Security CPI to “chained” CPI (lower)

For the DOD these recommendations could include:

- Savings achieved by reduction and/or removal of troops in Afghanistan and Iraq
- Elimination of certain weapons programs or development
- Change to the active duty and reserve benefits including housing allowances, education benefits, and medical coverage
- Change to the military retirement and benefits programs including eligibility for years in service, effective dates, and TRICARE coverage/fees
- Reduction in National Guard and Reserve units and replacement equipment

While The American Legion has resolutions covering many of these proposals and a history of arguing successfully against them, some are not covered by our existing resolutions. Moreover, we could be backed into a position of having to choose between two proposals or find it necessary to leverage one reduction against an expansion.
For example, The American Legion has a resolution which dictates our opposition to enrollment fees for anyone who is eligible for VA health care. This would extend to enrollment fees that are means tested. Yet, could it be appropriate to leverage means tested enrollment fees if we could open Category 8 for further enrollment? This would satisfy another resolution and private insurance fees collected on these veterans could be used to supplement the VA budget.

In contrast, The American Legion does not have a resolution opposed to changing the cost of living adjustment (COLA); yet one of the likely proposals to be considered will be a revision of the COLA to better reflect the Consumer Price Index (CPI) – also known as chained CPI. In implementing such a change, it is estimated this could generate approximately $140 billion in savings in the next ten years. This would decrease the Social Security, and therefore VA, COLA adjustments by approximately .25 percent annually.

In mid-August, the Office of Management and Budget (OMB) directed federal agencies to reduce their FY13 budget proposals. Citing difficult fiscal times and the budget reductions created by the Budget Control Act, the agencies were told to plan for FY13 budgets that were at least 5 percent below, but possibly 10 percent below, FY11 budget levels. This amount of reduction, on top of reductions by the DOD, DoL, and VA would be detrimental to the programs and benefits provided to our military and veterans.

In response to the overall tenor of budget discussion, including the “supercommittee,” The American Legion has activated the grassroots lobbying efforts of the Legislative Council. The twelve members of the Legislative Council who liaise with the members of the committee have been tasked with reaching out and beginning a dialogue with their member of Congress. Legion family members from those districts and states were encouraged to do the same. These efforts will be followed up by personal meetings during the 2011 National Commander’s testimony on the Hill and visits by Legion family members.

The “supercommittee” has a narrow window in which to operate and therefore they are going to be looking for the “tried and true” budget cuts that have been floated in the past. Yet other efforts, whether it be in budget planning for FY13, or the long-term ideas proposed through blue-ribbon study groups and commissions, will forever look to the military and veterans’ benefits, programs and budgets to determine where there might be “savings” either real or imagined that can be used. The American Legion will continue to demonstrate that we will shoulder our fair share, but that share doesn’t begin until others, other Americans who did not sacrifice in service to this country, have given a share.
Timeline of Actions under the Debt Deal

Immediately Establishes **discretionary caps for 10 fiscal years**, with firewalls for fiscal year 2012 and 2013 between security and nonsecurity spending.

**Allows an increase of $900 billion in the debt ceiling.**
$400 billion increase happens automatically.

**Within two weeks** House and Senate appoint a total of 12 members to a new Joint Select Committee on Deficit Reduction, whose goal is **deficit reduction of at least $1.5 trillion** over ten fiscal years.

**Late September** Congress has 50 days after the debt ceiling is increased to pass a resolution of disapproval, or else the debt ceiling is increased by the remaining $500 billion. If the President vetoes the resolution of disapproval, Congress can vote to override. If the override succeeds, the debt ceiling is not raised and there is a $400 billion sequestration equal to the original debt ceiling increase.

**October-December** Between September 30 and December 31 both Houses of Congress must vote on a “Joint resolution proposing a balanced budget amendment to the Constitution of the United States.”

**October 14** Each Congressional committee may transmit recommendations to the Joint Select Committee.

**November 23** The Joint Select Committee reports its recommendations.

**December 2** If a majority of the 12 Committee members approve the report, the report and legislative language go to the President, the House, and the Senate.

**December 23** The House and Senate vote on the Committee’s report.

**Winter (estimate)** When the debt subject to limit is again within $100 billion of the ceiling, the debt ceiling can be increased by between $1.2 trillion and $1.5 trillion.

If Congress has passed a Constitutional amendment or if Congress has approved additional deficit reduction of at least $1.5 trillion, the debt ceiling can be increased by $1.5 trillion.

If Congress has approved additional deficit reduction of between $1.2 trillion and $1.5 trillion, the debt ceiling can be increased by that amount.

**15 days later** Congress has 15 calendar days after being notified of the need to increase the debt ceiling to enact a joint resolution of disapproval, or else the debt ceiling is increased. House Budget Committee Democratic Staff August 3, 2011 Page 7
January 15, 2012 If Congress has not approved additional deficit reduction of at least $1.2 trillion, the debt ceiling can be increased by $1.2 trillion, with automatic sequestration to take effect one year later and lasting the next nine fiscal years.

January 2013 If the additional deficit reduction of at least $1.2 trillion was not enacted by January 15, 2012, a sequester takes effect, spread equally across defense and non-defense spending, with certain programs exempt. The sequester continues through fiscal year 2021.
Debt Ceiling “Super Committee”

Sen. Patty Murray (D-WA), Co-Chair

Residence: Seattle
Marital Status: Married (Rob)
Prev. Occupation: Educator
Education: BA Washington State University, 1972
Birthdate: 10/11/1950
Birthplace: Bothell, WA
Religion: Catholic

Percentage in Last Election: 52%
Major Opponent: Dino Rossi
448 Russell Senate Office Building,
District of Columbia 20510-4704
Phone: (202) 224-2621
Fax: (202) 224-0238
- Chief of Staff: Mike Spahn
- Scheduler: Grace Rooney

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Sen. Max Baucus (D-MT)

Residence: Helena
Marital Status: Married (Melodee Hanes)
Prev. Occupation: Attorney
Education: BA Stanford University, 1964; LLB Stanford University, 1967
Birthdate: 12/11/1941
Birthplace: Helena, MT
Religion: United Church of Christ

Percentage in Last Election: 73%
Major Opponent: Bob Kelleher
511 Hart Senate Office Building,
District of Columbia 20510-2602
Phone: (202) 224-2651
Fax: (202) 224-9412
- Chief of Staff: Jon Selib
- Scheduler: Nancy Orloff
Sen. John Kerry (D-MA)

Residence: Boston
Marital Status: Married (Teresa Heinz Kerry)
Prev. Occupation: Attorney
Military: USN, 1966-70
Education: BA Yale University, 1966; JD Boston College, 1976
Birthdate: 12/11/1943
Birthplace: Denver, CO

Religion: Catholic
Percentage in Last Election: 66%
Major Opponent: Jeffrey Beatty
218 Russell Senate Office Building,
District of Columbia 20510-2102
Phone: (202) 224-2742
Fax: (202) 224-8525
  • Chief of Staff: David Wade
  • Scheduler: Julie Wirkkala

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Sen. Jon Kyl (R-AZ)

Residence: Phoenix
Marital Status: Married (Caryll)
Prev. Occupation: Attorney
Education: BA University of Arizona, 1964; LLB University of Arizona, 1966
Birthdate: 04/25/1942
Birthplace: Oakland, NE
Religion: Presbyterian

Percentage in Last Election: 53%
Major Opponent: Jim Pederson
730 Hart Senate Office Building,
District of Columbia 20510-0304
Phone: (202) 224-4521
Fax: (202) 224-2207
  • Chief of Staff: Tim Glazewski
Sen. Patrick Toomey (R-PA)
Residence: Zionsville
Marital Status: Married (Kris)
Prev. Occupation: Investment Banker, Restaurateur
Education: AB Harvard University, 1984
Birthdate: 11/17/1961
Birthplace: Providence, RI
Religion: Catholic
Percentage in Last Election: 51%
Major Opponent: Joe Sestak
502 Hart Senate Office Building,
District of Columbia 20510-3802
Phone: (202) 224-4254
Fax: (202) 228-0284
• Chief of Staff: Christopher Gahan
• Scheduler: Danielle Joos

Sen. Rob Portman (R-OH)
Residence: Terrace Park
Marital Status: Married (Jane)
Prev. Occupation: Attorney, Business Owner
Office of Management & Budget Director, 2006-07
Education: BA Dartmouth College, 1979; JD University of Michigan, 1984
Birthdate: 12/19/1955
Birthplace: Cincinnati, OH
Religion: Methodist
Percentage in Last Election: 57%
Major Opponent: Lee Fisher
338 Russell Senate Office Building,
District of Columbia 20510-3504
Phone: (202) 224-3353
Fax: (202) 224-9075
• Chief of Staff: Rob Lehman
• Scheduler: Marisa Etter
Rep. Jeb Hensarling (R-TX), Co-Chair
Residence: Dallas
Marital Status: Married (Melissa)
Prev. Occupation: Businessman
Prev. Political Exp.: no prior elected office
Education: BA Texas A&M University, 1979; JD University of Texas, 1982
Birthdate: 05/29/1957
Birthplace: Stephenville, TX
Religion: Episcopal
Percentage in Last Election: 71%
Major Opponent: Tom Berry
129 Cannon House Office Building, District of Columbia 20515-4305
Phone: (202) 225-3484
Fax: (202) 226-4888
Chief of Staff: Andrew Duke

Rep. Dave Camp (R-MI)
Residence: Midland
Marital Status: Married (Nancy)
Prev. Occupation: Attorney, Congressional Aide
Education: BA Albion College, 1975; JD University of San Diego, 1978
Birthdate: 07/09/1953
Birthplace: Midland, MI
Religion: Catholic
Percentage in Last Election: 66%
Major Opponent: Jerry Campbell
341 Cannon House Office Building, District of Columbia 20515-2204
Phone: (202) 225-3561
Fax: (202) 225-9679
• Chief of Staff: Jim Brandell
• Appt. Secy.: Allie Judson
Rep. Fred Upton (R-MI)

Residence: St. Joseph  
Marital Status: Married (Amey)  
Prev. Occupation: Congressional Aide  
Prev. Political Exp.: no prior elected office  
Education: BA University of Michigan, 1975  
Birthdate: 04/23/1953  
Birthplace: St. Joseph, MI  
Religion: Protestant  

Percentage in Last Election: 62%  
Major Opponent: Don Cooney  
2183 Rayburn House Office Building,  
District of Columbia 20515-2206  
Phone: (202) 225-3761  
Fax: (202) 225-4986  
• Chief of Staff: Joan Hillebrands  
• Scheduler: Bits Thomas

Rep. James Clyburn (D-SC)

Democrat – South Carolina  
Residence: Columbia  
Marital Status: Married (Emily)  
Prev. Occupation: Educator  
Prev. Political Exp.: SC Human Affairs Commissioner, 1974-92  
Education: BS South Carolina State College, 1961  
Birthdate: 07/21/1940  
Birthplace: Sumter, SC  
Religion: African Methodist Episcopal  
Percentage in Last Election: 63%  
Major Opponent: Jim Pratt  
2135 Rayburn House Office Building,  
District of Columbia 20515-4006  
Phone: (202) 225-3315  
Fax: (202) 225-2313  
• Chief of Staff: Yelberton Watkins  
• Scheduler: Angela Wright
Rep. Xavier Becerra (D-CA)
Democrat - California
Residence: Los Angeles
Marital Status: Married (Carolina Reyes)
Prev. Occupation: Attorney
Education: BA Stanford University, 1980; JD Stanford University, 1984
Birthdate: 01/26/1958
Birthplace: Sacramento, CA
Religion: Catholic
Percentage in Last Election: 84%
Major Opponent: Stephen Smith
1226 Longworth House Office Building,
District of Columbia 20515-0531
Phone: (202) 225-6235
Fax: (202) 225-2202
• Chief of Staff: Debra Dixon
• Scheduler: Stephanie Venegas

Chris Van Hollen (D-MD)
Residence: Kensington
Marital Status: Married (Katherine)
Prev. Occupation: Attorney
Education: BA Swarthmore College, 1982; MPP Harvard University, 1985; JD Georgetown University, 1990
Birthdate: 01/10/1959
Birthplace: Karachi, Pakistan
Religion: Episcopal
Percentage in Last Election: 73%
Major Opponent: Michael Philips
1707 Longworth House Office Building,
District of Columbia 20515-2008
Phone: (202) 225-5341
Fax: (202) 225-0375
• Acting Chief of Staff: C.R. Wooters
• Appt. Secy.: Emily Contillo