Federal Budget Crisis – What it Means to Older Adults and Aging Services

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n4a’s 2011 Policy Priorities

- Reauthorization of the OAA
- Enhancing Health and Security
- Fiscal Year 2012 Appropriations
- Livable Communities for all Ages
- Senior Mobility Options
Budget Battles

- Deficit Reduction
- Debt Ceiling
- FY 2012 Appropriations
So how did we get here?

- Growth in deficit, esp. due to reduced revenues from tax cuts, the economic downturn and increased stimulus spending
- Increase in national debt
Tax Cuts, Wars Account For Nearly Half Of Public Debt By 2019

Debt from various factors as a share of total debt held by the public in 2019

- Economic Downturn: 20%
- TARP, Fannie, and Freddie: 1%
- Recovery Measures: 7%
- Wars in Iraq and Afghanistan: 12%
- Debt without these factors: 22%

Source: Kathy Ruffing and James R. Horney, Economic Downturn and Bush Policies Continue to Drive Large Projected Deficits, CBPP, May 10, 2011.
Forces At Play

• Philosophical Forces
  – Policy Agenda (Reduce Govt Spending Dramatically) Meets Political Opportunity
  – Discretionary and Entitlement Cuts Seen as Necessary and Worthy
Forces At Play

• Policy Reform Forces (practical and philosophical)
  – Medicare vouchers
  – Medicaid block grants
  – Balanced budget amendment
  – Spending freezes or caps
  – Tax reforms
Debt Ceiling Deal

• Increased the debt limit by August 2 deadline

• Caps discretionary spending over 10 years, driving $900 billion in deficit reduction

• Created a special committee to determine a second round of deficit reduction decisions, plan due by Nov. 23, Dec. 23 up/down vote
The “Super Committee”

- 12-member bipartisan committee
- Charged to come up with at least $1.2 trillion in additional deficit reduction measures
- Everything is on the table: revenues, entitlements or further cuts to discretionary programs
The “Super Committee”

- If the Super Committee or Congress fails to act by the end of the calendar year, $1.2 trillion in automatic, across-the-board cuts would take effect through a *sequestration process*

- **Exempted programs:** Social Security, Medicaid and several low-income entitlement programs. (Medicare benefits could not be cut either, but provider payments could be reduced by up to 2 percent.)
So what’s the big deal?

• If there is not a **balanced approach** *(new revenues and spending reductions)* deeper cuts to Medicare, Medicaid, and Social Security are more likely

• **Discretionary programs** are not protected from a second round of cuts

• If **Medicaid cuts** or proposals that shift costs to states come to fruition, HCBS waivers are vulnerable

• If **more caps** are agreed to, it does not matter what the situation is (need, population, economy) and if cutting further is the right response
So what’s the big deal?

- Would force major changes to federal HC programs without actually addressing the underlying driver of costs (HC sector costs). Instead, pushes those costs onto individuals (and states).

- Could essentially shred the safety net for low-income older adults and undermine the economic security for millions of middle class older adults.
So how did we get here?

• Last Congress didn’t pass any FY 2011 funding bills
• Elections → New Power Dynamic of Republican House
• FY 2011 was the first skirmish, over the leftovers
FY 2011

• Deeper cuts made in each CR, final bill cut billions more, narrowly averting gov’t shutdown in April

• All programs at least 0.2% reduction, AoA another $16 mil, and major 45% cut to OAA Title V
FY 2012
Budget
It all started with the President’s Budget

- February release
- Congress was too absorbed in FY 2011
- President’s budget”: Not all good news, but pockets of great news
- House “Ryan Budget”
Aging Program Funding (FY 2012)

• President’s Budget- hold the line + increases relating to caregiver initiative + move of SHIPs, Title V, APS, CLASS

OAA program funding for the most part maintained

• Senate - hold the line + SHIP move, no APS
• House - hold the line + minor increases in meals, no SHIP move or APS
• Begin House and Senate negotiations
‘CR’ needed to fund Gov’t

• Short-term CR to keep programs funded after the start of the new FY on Oct. 1
• Current CR through Nov. 18
• “Mini-bus” strategy to move outstanding spending bills
• Next steps?
Forecast

- Gloomy!
- Level funding a very positive outcome
- Will be late – Nov/Dec.
OAA Reauthorization
OAA Reauthorization priorities

- Preserve the Act’s flexibility and person-centered approach
- Strengthen the Aging Network’s role and capacity in the coordination and provision of home and community-based services
- Expand evidence-based health promotion and disease prevention
- Improve community preparedness for an aging population
- Set adequate authorization levels
OAA Reauthorization Timeline

• Groups Released Recommendations (n4a’s recs are at www.n4a.org)
• Two hearings: Senate Spec Aging Comm. May 26, Senate HELP Subcom. on June 21 on nutrition
• HELP Comm. stakeholder meetings
• House Interest?
• We will need strong advocacy to make Congress pay attention, get it right, keep it moving!
What do we need to do?

- Step up our advocacy to protect key programs (Approps., Super Committee, Reauth.)
- Work in coalition on bigger messages
- Push ourselves in advocacy (speak up at town halls, make your voice heard to your MoCs)
Questions?

Call on n4a’s Public Policy and Legislative Affairs Staff

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