



washington dc update

February 25, 2013

Dancing On the Edge

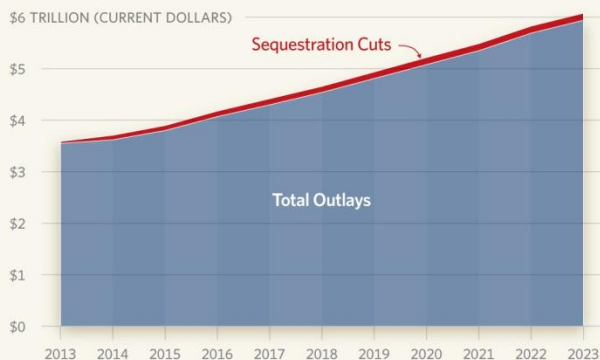
Very few people understand the ends and outs of the Federal budget process. We don't include ourselves in this group so we won't venture very deeply into the potential impacts of the Sequester which seems likely to go into effect on Friday. There are so many tricks that can be done with the budget that speculation at this stage is a waste of time.

One thing that seems more certain is that if you are a person who likes government to be in a perpetual state of crisis, then this is your moment. Consider:

The sequester comes into force this Friday. What will its impact be?

- ❶ The Executive Branch has yet to submit its FY14 budget to Congress although it was supposed to do so in early February. Will it make its next announced deadline of submitting a budget by Monday, March 4th?
- ❷ If that isn't enough then consider that the Continuing Resolution that has been keeping the government open since October 1 expires on March 27. Congress is scheduled to begin their two week Spring recess on March 22 so that gives them three weeks from Friday to work out spending for the remaining six months of the fiscal year.
- ❸ Want more? At some point as early as May the US will approach its debt limit once again which will require Congressional authorization to do so. This issue will be played out against the backdrop of sequestration and FY13/14 spending.

Sequestration Cuts 2.4 Percent out of Total Federal Spending



Source: Congressional Budget Office, "The Budget and Economic Outlook: Fiscal Years 2013 to 2023," February 5, 2013, <http://www.cbo.gov/publication/43907> (accessed February 6, 2013).

Early in the 20th century serial movies were very popular. At the end of each segment the hero/heroine would be in mortal danger and you had to wait until the next Saturday to see if they escaped. They always did, only to get into a new jam...that would not be resolved until the next week and that required you to buy yet another ticket.

We hope and trust you are enjoying the show.

