

Part 1:
**Keeping an eye on
the super committee**

Are co-op programs at risk?

By Chris Vandevanter, Basin Electric legislative representative

There's an old anecdote in the halls of Congress often paraphrased by congressional staff members: If Strom Thurmond and Ted Kennedy ever co-sponsor a bill together, it's either an issue so important its time has come, or one of them didn't read it. Though both are now gone, it emphasizes how many Americans believe Congress is supposed to work: two congressmen on opposite sides of the aisle working together on an issue. Unfortunately, the reality is often something entirely different. This summer's battle over increasing the debt ceiling proves it.

In this instance, neither political party seemed intent on compromising their long-cherished principles, nor was either party willing to accept the risks that inaction would entail. In the end, a debt ceiling bill was approved and signed by the president on Aug. 2. The Budget Control Act of 2011 increases the debt ceiling by more than \$2 trillion over the next several months, and requires mandatory reductions in spending to pay for it.

To be sure, there was a great deal of heated rhetoric leading up to the vote, and plenty of opposition from both Republican and Democratic opponents on the compromise. Add to that, any number of financial "experts" have actually questioned whether the bill will do anything to improve the fiscal health of the United States. But setting those issues aside, cooperatives need to be asking: What is in the bill and how could it affect my members and my communities?

The short answer is we don't know. The Budget Control Act caps federal spending for the next 10 years, saving \$1 trillion, and

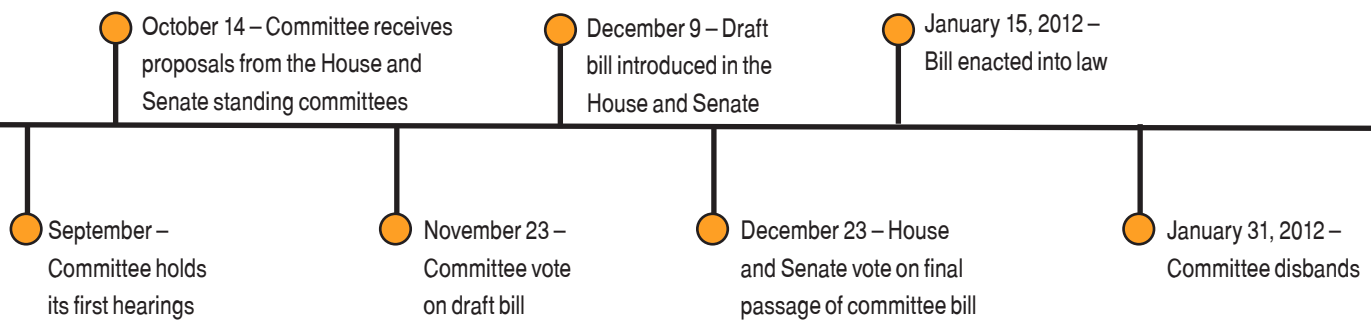
requires an additional \$1.2 trillion in savings over the same time period. The first round of cuts would come through the normal appropriations process. To accomplish the additional cuts, the bill established a 12-member Select Joint Committee on Deficit Reduction, unofficially known as the super committee. Joint committees are nothing new, but they normally handle mundane matters, such as joint resources and congressional operations, not major legislative issues. There have been legislative joint committees in the past, but they were limited in scope. The so-called super committee is much different and has authority over the entire federal budget.

The super committee is required to find between \$1.2 trillion and \$1.5 trillion in additional savings, and there are very few limits on what they can include to achieve that goal. Tax increases, spending cuts, entitlement reform, or a combination of all three are possible. The super committee could choose to apply deeper cuts to some federal programs, and protect other programs from cuts entirely.

Other House and Senate committees can recommend changes, but ultimately the super committee will write its own bill. It could use as a template the report issued by the bipartisan National Commission on Fiscal Responsibility and Reform in December 2010. That report included a plan to require the federal Power Marketing Administrations to sell power at market-based rates, which would dramatically increase costs for electric cooperatives. If a bill is approved by Nov. 23

Super committee timeline

The Budget Control Act of 2011 allows the super committee bill to receive expedited consideration in the House and Senate as long as it follows the following schedule.



(see timeline), it will be guaranteed an up or down vote in the House and Senate, but it cannot be amended. Budget cuts would start almost immediately, in January 2012.

Past budget battles give cooperatives an idea of what to watch for as the super committee begins its work. The federal PMAs have been a favorite target of some members in Congress looking for a “quick fix” to budget shortfalls. The Rural Utilities Service, Clean Renewable Energy Bonds, cooperative pension programs, energy assistance, and other programs important to cooperatives have also been under fire recently. Cooperatives have been successful turning back those efforts in the past, thanks to cooperative allies on key committees. But while the appropriations committees have 80 members, the super committee is just 12 people. And instead of months to make a case in favor of cooperative programs, there are only weeks remaining before the super committee must act.

Even if the super committee spares cooperative programs from the chopping block, they aren’t 100-percent safe from future cuts. If they approve a bill that has less than \$1.2 trillion in savings, or if Congress fails to approve the bill, then the difference will be made up with mandatory cuts to the budget starting in 2013. This could require up to \$110 billion in cuts each year, half of which would come from defense, to achieve the goal. Entitlement programs – Social Security, Medicaid, and Medicare – would be largely exempt from the cuts. Congress will have to make tough choices in the future on

how to live within the lower spending levels, putting an even bigger target on programs that benefit electric cooperatives.

The super committee held its first meetings in September to plan their work and meet with federal budget experts. But as of publication, specific policy changes have not been proposed. Those will come later as the committee members and staffs start their work. Until then, visit the super committee’s website at deficitreduction.senate.gov for more information. A future issue of Basin Today will provide an analysis of specific provisions of the committee’s bill.

Super committee members

Rep. Jeb Hensarling (R-TX), co-chair
Sen. Patty Murray (D-WA), co-chair
Sen. Max Baucus (D-MT)
Rep. Xavier Becerra (D-CA)
Rep. Dave Camp (R-MI)
Rep. James Clyburn (D-SC)
Sen. John Kerry (D-MA)
Sen. Jon Kyl (R-AZ)
Sen. Rob Portman (R-OH)
Sen. Pat Toomey (R-PA)
Rep. Fred Upton (R-MI)