



Part 2: Keeping an eye on the super committee

# What does the super committee's super failure mean for co-ops?

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**I**n the November-December issue of Basin Today, we looked inside Congress' Select Joint Committee on Deficit Reduction. This super committee was charged with finding between \$1.2 trillion and \$1.5 trillion in deficit reduction over the next 10 years. To accomplish this goal, it was given broad powers to review nearly every part of the federal budget for savings – and a deadline.

That deadline came and went on Nov. 21. By law the committee had until Nov. 23 to draft its bill, but the law also required a bill be available for public review at least 48 hours prior to that deadline. Sen. Patty Murray of Washington and Rep. Jeb Hensarling of Texas, the committee's co-chairs, announced the failure of the committee in true congressional fashion. They issued a joint statement via e-mail.

The lack of a deal means that \$1.2 trillion in automatic spending cuts will take effect Jan. 1, 2013. The threat of automatic cuts, half of which would come from defense spending, was meant to provide an incentive for compromise. The extraordinary powers of the committee to draft a bill that could not be amended and could not be filibustered in a closely divided Senate were also supposed to spur action. In the end, partisan divides on the balance between new revenue and spending cuts proved too great.

Economists, politicians and opinion makers quickly started making the cable news rounds about what the committee's failure means (or doesn't mean) for the nation's economy. Some on Capitol Hill have already started clamoring to reverse the automatic cuts, though President Obama has threatened to veto any such measure unless

savings greater than \$1.2 trillion are also enacted. But, as we started to ask in the last issue, what does this mean for rural electric cooperatives?

In the short-term, it means nothing, which means essential cooperative programs will live again to fight another day. In the long-term, it means the status quo won out, and we will go right back to the same fights we've always had over funding for the Rural Utilities Service (RUS), the federal Power Marketing Administrations and other agencies. The status quo has served cooperatives in the past, as we have many champions on Capitol Hill. There is no indication that these programs are in any immediate danger of being defunded. In fact, in a rare sign of bipartisan compromise, in late November, Congress approved an appropriations bill funding the U.S. Department of Agriculture and four other cabinet departments until Sept. 30, 2012. It included full funding for the RUS lending program, and more importantly, restored at least some level of funding for new baseload electric generation from coal that incorporates carbon capture and sequestration.

Given the acrimony over federal spending last April and the year-long stop-gap funding legislation the government has operated under this year, passage of a full appropriations bill for these departments is no small feat. In late December 2011, there was even discussion that other appropriations bills could soon follow. The debt problems are not going away anytime soon, and election year politics are already in full swing. But Congress still has more than a year to get its act together, and come to some sort of agreement on reversing the trend toward higher and higher federal deficits.