



## **Considerable Uncertainty About Budget Endgame**

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With just one month remaining before the August 2 deadline for congressional action on the debt ceiling, there continues to be considerable uncertainty about the endgame for negotiations surrounding a long-term deficit reduction plan linked to an increase in the debt limit.

The President held separate meetings early this week with Senate Majority Leader Harry Reid (D-NV) and Senate Republican Leader Mitch McConnell (R-KY). As of this writing, however, there are no plans to resume the bipartisan discussions that were suspended on June 23 after House Majority Leader Eric Cantor (R-VA) announced his withdrawal from the budget talks.

On June 29, President Obama discussed deficit reduction and the debt limit at a wide-ranging press conference that also focused on job creation, the economy, trade agreements, immigration reform, terrorism, and military operations in Afghanistan and Libya. While discussing the budget talks, the President emphasized that the nation needs a "balanced approach that looks at everything." The President also commented on federal health care spending, stating: "We're gonna have to look at entitlements. And that's always difficult politically. But I've been willing to say we need to see where we can reduce the cost of health care spending and Medicare and Medicaid in the out years. Not by shifting costs onto seniors, as some have proposed, but rather by actually reducing those costs." A full transcript of the President's press conference can be found by clicking [here](#).

Meanwhile, Senate Majority Leader Harry Reid (D-NV) announced yesterday that the Senate will be in session next week, convening on Tuesday, July 5, instead of leaving for the recess that previously had been scheduled. The first order of business when the Senate returns on Tuesday will be a cloture vote on a resolution addressing the use of U.S. Armed Forces in Libya. The agenda for the remainder of the week is uncertain, although Senate leaders reportedly are considering scheduling votes next week on tax provisions that benefit the wealthy. The House, which has been in recess this week, is scheduled to reconvene on July 5.

Prior to Leader Reid's announcement, Senate Budget Committee Chairman Kent Conrad (D-ND) said that if the Senate recess was cancelled, he intended to unveil a budget resolution next week that reflects a consensus among Democrats on the



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Budget Committee. Chairman Conrad indicated that this budget would achieve \$4 trillion in deficit reduction over ten years, through both spending cuts and tax increases, but he did not provide specific details.

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