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## **Chairs of Deficit Reduction Committee Prepare for Deliberations**

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Sen. Patty Murray (D-WA) and Rep. Jeb Hensarling (R-TX), the co-chairs of the Joint Select Committee on Deficit Reduction, announced this week that they have begun working together to prepare for the committee's upcoming efforts to develop recommendations for reducing the federal budget deficit.

In a joint statement, Murray and Hensarling commented: "In our capacity as co-chairmen, we are engaging in serious discussions to determine what set of rules will govern the committee's operation, examining a schedule of potential meetings and exploring how to build a committee staff that will help us achieve success. Additionally, most of the committee members are reviewing the deficit reduction work that many others have engaged in over the past several years. We are confident that most Americans will agree that when building an organization from the ground-up with a short time-table for success, it's important to get it right the first time."

The deliberations of the Joint Committee will be a major focus of attention after Congress reconvenes on September 6 following the current summer recess period. Under the Budget Control Act of 2011, the Joint Committee is required to hold its first meeting no later than September 16 and is charged with voting on deficit reduction legislation by November 23.

## **CBO Issues Report on Budget and Economic Outlook**

On August 24, the Congressional Budget Office (CBO) released an updated report on the nation's budget and economic outlook.

The CBO report projects that the federal government will run a budget deficit of approximately \$1.284 trillion in fiscal year 2011 (8.5 percent of gross domestic product), only slightly less than the \$1.294 trillion deficit that was recorded last year. Noting that this will be the third largest budget shortfall in the past 65 years, CBO cautions that "the United States is facing profound budgetary and economic challenges." CBO further comments: "This year's deficit stems in part from the long shadow cast on the U.S. economy by the financial crisis and the recent recession. Although economic output began to expand again two years ago, the



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pace of the recovery has been slow, and the economy remains in a severe slump. Recent turmoil in financial markets in the United States and overseas threatens to prolong the slump.”

Looking forward, CBO projects that the budget deficit will decline, as a share of gross domestic product (GDP), from 8.5 percent in 2011 to 3.2 percent in 2013 to 1.2 percent by 2021. The total budget deficit over the next ten years (2012-2021) is projected to be \$3.487 trillion. These projections are based on a continuation of current law, including the policy changes recently enacted under the Budget Control Act of 2011. The projections do not reflect the possibility that Congress may extend certain tax cuts that are scheduled to expire.

In discussing the economic outlook, the CBO report projects that real GDP will increase by 2.3 percent in 2011 and by 2.7 percent in 2012. The unemployment rate is projected to fall from 9.1 percent in the second quarter of 2011 to 8.5 percent in the fourth quarter of 2012, and then to remain above 8 percent until 2014. CBO projects that inflation will remain below 2 percent over the next several years.

The American Senior Benefits Association (ASBA) is a 501(c)(3) not-for-profit association where membership is completely free. ASBA is committed to lifestyle enhancement through benefits, advocacy and education for the over-50 population. ASBA concentrates its efforts on the issues that are of greatest concern to its members. Through its partners and programs, ASBA members receive product and service discounts, as well as other benefits. Current ASBA membership stands at over 700,000 nationally.