



Memorandum

TO: Miami-Dade Board of County Commissioners
FROM: Greenberg Traurig
DATE: August 16, 2011
RE: July Report to the Board of County Commissioners

Below please find a summary of Greenberg Traurig's efforts on behalf of Miami-Dade County in July.

Overview of Legislative Activity in July

Legislative activity in July continued to focus predominantly on negotiations over raising the federal debt ceiling as Congress quickly approached the August 2nd deadline. A series of proposals came to light, including plans by House Speaker John Boehner (R-OH), Senate Minority Leader Mitch McConnell (R-KY), and Senate Majority Leader Harry Reid (D-NV). The House also passed a plan entitled *Cut, Cap, and Balance*. However, this plan was deemed "dead on arrival" in the Democratically-controlled Senate. Political rhetoric continued to escalate on both side of the aisle until many felt that a deal was out of reach. Fortunately, the White House and congressional leaders announced an eleventh-hour deal that combined parts of the major proposals issued by Boehner, Reid and McConnell.

Appropriations

In July, GT closely monitored and remained involved in the FY 2012 appropriations process. Throughout the month, House Appropriations subcommittees continued to markup pending appropriations bills. Subcommittees in the House passed the Interior Appropriations Act, the Legislative Appropriations Act, and the State and Foreign Operations Appropriations Act. The full House Appropriations Committee passed the Commerce, Justice and Science Appropriations Act, the Interior Appropriations Act, and the Legislative Appropriations Act. The later two were also passed by the chamber in July.

Choosing to wait until a debt ceiling deal was reached, the Senate remained idle on appropriations bills. The Senate did make an exception for the Military Construction and Veterans Affairs Appropriations Act, which the chamber passed on July 20. With the

passage of the *Budget Control Act of 2011* the Senate is expected to have a busy September as Congress attempts to pass the remaining 11 appropriations bills prior to the expiration of the 2011 fiscal year on September 30. Given the enormity of the task in front of Congress, it is likely that a continuing resolution will be necessary to keep the government funded until a large omnibus appropriations bill can be passed. GT will continue to follow the process and keep the county informed as both chambers continue to move through the appropriations process.

Budget Control Act

In addition to following the normal appropriations process, GT closely monitored the ongoing debt ceiling negotiations. Negotiations culminated in legislation known as the *Budget Control Act of 2011*. Our team reviewed this legislation and provided the County with an analysis of the major provisions. A copy of this analysis is included at the end of this memoranda

Media Updates

GT continues to send media updates on legislative and political issues to the County in order to ensure that the Commission and staff remain up-to-date on developments within the Beltway. Our team has continued to send those interested individuals information regarding issues such as the Federal Aviation Administration reauthorization, appropriations and immigration, among others. We will continue to monitor the issues most relevant to the County and provide timely and accurate information in order to make certain that the County is aware of any developments which may provide an opportunity to accomplish established legislative goals.

If you have any questions, or we can be of any further assistance, please let us know.

Analysis of Budget Control Act of 2011

Under the BCA, the President will be able to increase the country's borrowing by an immediate \$900 billion. The legislation also establishes triggers that will allow additional increases between \$1.2 billion and \$1.5 billion by the end of the year. The Treasury Department believes that if the increases are realized, the additional borrowing will carry the country through the 2012 elections. The BCA has three dominant features: immediate federal spending caps, a "super" joint committee to recommend additional spending cuts, and a required vote on a balanced budget amendment to the U.S. Constitution.

First, upon signing the bill into law, the President was given the ability to increase federal borrowing by \$400 billion. The President will also be able to raise that amount an additional \$500 billion, subject to a vote of disapproval by Congress. Such a vote, however, would require a two-thirds majority in both chambers as the President would most likely veto the legislation. The additional \$900 billion in borrowing is offset in the BCA by placing statutory caps on discretionary spending for FY 2012 through FY 2021. For FY 2012 and FY 2013, these caps have been respectively set at \$1.043 trillion and

\$1.047 trillion. In order to prevent lawmakers from over utilizing non-security spending cuts to provide more security spending, the BCA establishes what is being called a “firewall” between the two categories of discretionary spending for the next two fiscal years. However, this firewall will not be in place for FY 2014 and later years. At least for the next two fiscal years, non-security spending such as the COPS program and highway grants will not be subject to more extreme cuts to the exclusion of security spending.

Second, the BCA establishes a new “super” joint committee to make recommendations for future spending cuts. According to the bill’s language, the committee will be composed of 12 members: three House Republicans, three House Democrats, three Senate Republicans and three Senate Democrats. The committee is charged with recommending ways to reduce the deficit by an additional \$1.2 trillion to \$1.5 trillion. The recommendations are expected to be open to all means of deficit reduction, including entitlement cuts and revenue increases. However, many Republicans have already voiced strong opposition to any revenue increases. The committee is required to produce legislation by November 23 and the House and Senate must vote on the legislation by December 23. To prevent procedural problems, such as a filibuster in Senate, the BCA established fast-track rules for consideration of the committee’s recommendations in both chambers: the recommendations are subject to an up-or-down vote without amendments. If Congress passes the recommendations of the committee, provided that they cut at least \$1.2 trillion in spending, then the President will be able increase federal borrowing by a corresponding amount. If the committee fails to meet the minimum threshold of \$1.2 trillion in cuts, or if Congress fails to pass the recommendations, then the BCA calls for automatic cuts in discretionary spending to reach the minimum \$1.2 trillion level. These automatic cuts are unpalatable to both parties (entitlement cuts and defense cuts), which is expected to provide the impetus for passage of the committee’s recommendations by Congress.

The final major provision of the BCA requires both the House and Senate to vote on a balanced budget amendment to the Constitution. Congress is required to vote on the proposed amendment by the end of 2011. Passage of the amendment provides a backdoor for increasing federal borrowing by \$1.5 trillion. If the bill passes Congress by the required two-thirds in both chambers, the President will automatically have the authority to increase federal borrowing by the maximum \$1.5 trillion. However, passage of the amendment is very unlikely given its lack of support by Senate Democrats and moderate Republican.