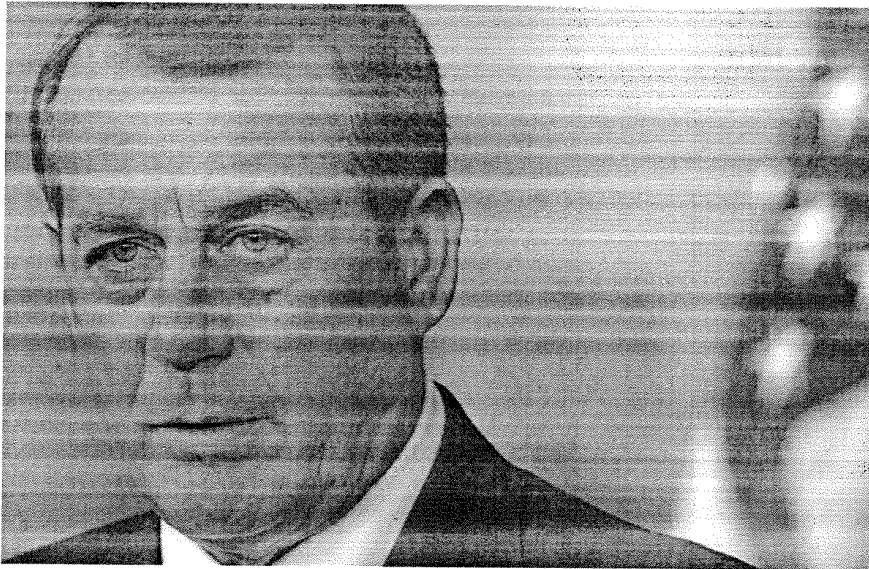


Posted at 02:28 PM ET, 04/14/2011

How do \$38.5 billion in cuts become \$350 million?

By Ezra Klein



(By Mark Wilson/Getty Images) So how do the \$38.5 billion in 2011 cuts become \$352 million when the CBO looks at them? Well, they don't, not really. They become more like \$20-\$25 billion. But that's still a lot less than \$38.5 billion. And to understand what happened, you need to understand an important quirk of the budget process.

There's a difference between the amount of money an appropriations committee has to spend (their "budget authority") and the amount of money they actually do spend (their "outlays"). The numbers you hear — \$38.5 billion in cuts, if you're measuring by what we spent in 2010, or \$78.5 billion, if you're measuring against the president's 2011 budget request — are talking about "budget authority." But some of that money wouldn't have been used anyway. The Census Bureau, for instance, had \$2 billion or so sitting around that it didn't end up needing. That money got sucked back in this deal. But if it hadn't gotten sucked back in this deal, it's not like it would have gone to pizza parties. It probably just wouldn't have been used. It's like the philosophers always wondered: If a tree never grows in the forest, can it really be cut?

The authority/outlay distinction doesn't get you down to \$352 million, however. Rather, that's what you get if you're only looking at money saved by the end of this year. But a lot of the money will actually be saved next year, or in the years to come (the Pell Grant cuts, for instance, stack up over time). So the CBO took a [longer view](#) (pdf), too, and estimated that "federal outlays over the 2011-2021 period that are between \$20 billion

and \$25 billion lower than the amount of outlays that would be expected from having 2011 appropriations set at the same level as 2010 appropriations.”

In other words, the real number of cuts isn't \$38.5 billion. It's probably closer to \$20-\$25 billion. That's not nothing. But it's also not \$38.5 billion, and Republicans are a) figuring that out and b) unhappy about it. In the end, the CR will probably pass because a lot of Democrats are going to vote for it, but as Republicans come to realize they got a rawer deal than they were initially told, I imagine there's going to be a fair amount of anger at John Boehner, and a lot more resistance to cutting a bipartisan deal on the debt ceiling.