Possible deal would end 'fiscal cliff' cycle

By Susan Davis
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WASHINGTON — Congress' top budget negotiators are nearing agreement on a short-term budget deal that could end Washington's cycle of fiscal cliffs, government shutdowns and unpopular across-the-board spending cuts.

House Budget Chairman Paul Ryan, R-Wis., and Senate Budget Chairwoman Patty Murray, D-Wash., are engaged in private negotiations over a two-year agreement that would set government spending levels, reduce the deficit and turn off the automatic spending cuts known as the sequester.

Aides declined to discuss specifics, but both camps expressed cautious optimism.

"Ryan is committed to finding common ground. He hopes both parties can work together to cut spending in a smarter way," said Ryan spokesman William Allison.

"She is hopeful they can continue making progress and can reach a bipartisan deal by the deadline," said Murray spokesman Eli Zupnick.

Dec. 13 deadline

An agreement needs to be hatched by early next week to get it passed in both chambers by the Dec. 13 deadline set as part of the October agreement to end the 16-day partial government shutdown.

If a deal is reached, the framework is likely to set an overall spending level for all federal government discretionary spending. That would allow House and Senate Appropriations Committees to return to the regular process of passing 12 annual spending bills. The inability to agree to a total spending number led to the shutdown and a fractured annual budget process.

House Republicans agreed to an annual budget of $967 billion, while Senate Democrats approved a $1.058 trillion spending level. Negotiators worked on finding common ground between the two spending targets.

The framework would replace the spending cuts with a combination of alternative cuts and revenue increases, as well as additional deficit reduction measures to build support for the deal, particularly among Republicans wary of higher spending levels.

Disagreements

Republican efforts to squeeze savings out of the federal employees pension program face resistance from Democrats, while Democratic proposals to end some tax breaks for corporations and wealthy Americans are unlikely to garner any GOP support.

Non-tax revenue, such as from government fees and wireless spectrum sales, remain on the table.

An agreement would free up the 113th Congress to debate other issues without the threat of perpetual fiscal brinkmanship hanging over the session. For instance, an overhaul of the nation's immigration laws remains on the agenda.

A stopgap government spending bill ends Jan. 15, when the next round of sequester cuts would kick in.

DEBT CEILING NOT INCLUDED

The negotiations do not involve increases in the debt ceiling, the nation's borrowing limit, which has also been the source of budget standoffs. Congress suspended the debt limit through Feb. 7, but the nonpartisan Congressional Budget Office said in late November that the debt ceiling may not be hit again until early next summer.