



ONE EIGHTY

A new perspective for your enterprise performance

Nov/Dec
2012

Fiscal Cliff

The 2013 fiscal year for the U.S. Federal government began 10/1/2012. Assuming receipts (\$2.9 trillion) and outlays (\$3.8 trillion) are as projected, deficit spending for fiscal 2013 will be \$900 billion. The budget was never approved and attempts to reach a “grand bargain” between Democrats and Republicans collapsed a year ago.

The Fiscal Cliff is the convergence of the expiration of Bush era lower tax rates and an “automatic sequestration” or across-the-board spending cuts, both beginning January 1.

The purpose of this One Eighty is not to describe, rehash, define, or predict the outcome of the Fiscal Cliff, but rather to acquaint the reader with the components of the Federal Budget, a kind of quick peek under the covers.

The Fiscal 2013 budget is a 256 page document and, with a couple of exceptions, similar in form and content to budgets prepared in the commercial sector.

It starts with the Budget Message of the President to Congress, kind of like the budget letter from a CEO to the Board of Directors with overall priorities and goals.

Next is a section on each of three specific priorities: (1) Building a Strong Economy, (2) Investing in our Future (3), Cutting Waste, Reducing the Deficit, and Asking All to Pay Their Fair Share.

In business this section would likely have priorities like new product development, waste reduction, productivity improvement, revenue growth, cost reduction, and better utilization of capital assets.

Next are the budgets and operating goals for each of the 24 individual budgeting entities. Most are easily recognized like the Department of Defense while others were more obscure (Corporation for National and Community Service for example). The format of the individual budget entity includes funding highlights, mission, priorities, strategy, and goals.

These look similar to budgets of the individual entities that make up large commercial companies with a couple of exceptions. It's only a spending budget and costs are referred to as ‘outlays’ and classified in one of two categories: discretionary or mandatory (required by law). But that's where the similarity ends. With 62% of budgeted outlays mandatory that doesn't leave a lot to work with if you want to reduce spending.

Next are about 40 financial tables, each of which looks at a full 10 years. In the commercial sector there are just a few industries (utilities for example) that budget that far out. At the end of the budget document is the alphabetized list of the 500+ contributors. You don't see that in the commercial sector either.

See you on the other side of the cliff...

John A. Miller

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Upcoming Event

- CAM-I Fourth Quarter Meeting
December 9-12
Cary, NC

People in the News

- Laura Elizabeth Knapp and David Graham, married November 24. Congratulations!
- Matthew Smith, David Watford (3C Software), Frank Vliet (Prodacapo), Pierre Guillaume, (Beyond EPS), Robert Shea, Shiva Verma (Grant Thornton). Great to partner with you this year!
- Alan Dybvig, Jeff Karrenbauer, Steve Player, Carlos Pulido Ben Lamorte, Glenn Sabin, Derek Sandison, all One Eighty guest authors in 2012

Link

- [Download for FY 2013 U.S. Budget](#)