

# Deficit Reduction and the Debt Ceiling

*An update on the status of the ongoing talks, the plans to move forward, the FY12 appropriations process, and the reauthorizations of WIA, SAFETEA-LU, and the OAA*

July 19, 2011

This week, the White House and Congressional leaders continue negotiations to agree on a deficit reduction package that would accompany a vote to raise the debt ceiling.

Throughout the negotiations, Republicans have remained consistent in their support for a debt package that cuts spending by at least the same amount of any debt limit increase; contains no new taxes; and puts in place budgetary constraints, such as spending and control caps.

Originally aiming for a broad deal that would prevent House Republicans from voting to increase the nation's borrowing authority multiple times before the 2012 elections, the GOP leadership has recently changed course by pushing for an incremental, short-term package. On June 23, House Majority Leader Eric Cantor (R-Va.) temporarily withdrew from budget negotiations with congressional leaders and the President, after the White House dismissed such a proposal due to its short-term nature and lack of revenue increases. The following day, President Obama renewed his support for a broad solution, urging lawmakers to address the long-term problems of the deficit, but opening the door to a smaller deal, saying "If we can't do the biggest deal possible, then let's at least still be ambitious."

Continuing to seek 'the biggest deal possible,' in the form of a multi-trillion dollar deficit reduction package that includes revenues and spending cuts, White House Press Secretary Jay Carney said in a July 14 press briefing that the President sees \$1.5

to \$1.7 trillion in spending cuts that all sides could likely support, and at the end of last week, lawmakers met again to try and build on this \$1.7 trillion foundation. These negotiations ended without agreement, leading President Obama to ask congressional leaders to take the weekend and develop plans for a framework with the potential to resolve the debt ceiling and deficit reduction negotiations.

With the weekend yielding no firm solution, on Monday, July 18, Senate Majority Leader Harry Reid (D-Nev.) issued a statement pledging to keep the Senate “in session every day, including Saturdays and Sundays, from now until Congress passes legislation that prevents the United States from defaulting on our obligations.”

Less than two weeks remain before the August 2 deadline, and President Obama is scheduled to meet separately with Senate Democratic and House Republican leaders to discuss the debt limit on Wednesday, July 20.

## Debt Reduction Plans: Cut, Cap, and Balance; The McConnell Plan; The McConnell-Reid Plan; The Gang of Six; The Coburn Plan; and The Senate Budget Resolution

Cut, Cap and Balance - Last Friday, July 15, House Republican leaders abruptly changed their strategy, backing away from a plan to vote on a constitutional balanced budget amendment, moving forward instead with a plan to 'Cut, Cap, and Balance' the federal budget. The constitutional amendment would have required a balanced federal budget, as well as a spending cap set at 18 percent of the gross domestic product (GDP), and a two-thirds majority vote in each chamber to approve any tax increases (H J Res 1). As recently as July 14, a House vote on the balanced budget amendment was favored by the GOP leadership as a way to appease some of the lower chamber's more fiscally conservative members enough to secure the votes necessary for passage of debt limit increase in the House. However, since constitutional amendments require the support of two-thirds of all legislators in each chamber, as well as ratification by the states, the prospects for the measure to clear the House were not promising.

Accordingly, the Republican leadership decided instead to consider a proposal that does not require a supermajority to clear the House. Sponsored by Rep. Jason Chaffetz (R-Utah), the 'Cut, Cap, and Balance' approach ([HR 2560](#)) would cut \$111 billion in FY12 spending, cap spending to 19.9 percent of GDP, and make a vote to raise the debt ceiling contingent on the passage of a balanced budget amendment. Designed to provide House Republicans with the opportunity to pass a bill that imposes steep cuts while leaving the door open to a balanced budget amendment vote at a later date, the largely symbolic deal is not expected to solve the debt ceiling crisis, and it has little chance of passing the Democratic-controlled Senate.

On July 19, the House adopted the GOP-backed 'Cut, Cap, and Balance' plan by a vote of 240-190, one day after President Obama released a [statement](#) strongly opposing the legislation, promising to veto the bill in the unlikely event that it should reach his desk.

### The Debt Ceiling and Deficit Reduction

Throughout the negotiations, some lawmakers have focused on crafting and unveiling proposals to reach a long-term budget deficit reduction agreement that would facilitate a vote to raise the debt ceiling by August 2. Though some of these proposals are more viable and bipartisan than others, individual aspects of the various plans have been, and will likely continue to be, replicated throughout the debt ceiling debate, the FY12 appropriations process, and beyond. Below, please find brief summaries, as of July 19, of several of these spending blueprints.

The McConnell Plan – Last Tuesday, on July 12, Senate Minority Leader Mitch McConnell (R-Ky.) unveiled a proposal that would effectively allow President Obama to introduce three incremental debt limit increases, in the amounts of \$700 billion, \$900 billion, and \$900 billion, along with specific spending cuts to offset the increases. Under the plan, the President’s authority to raise the debt ceiling would not be contingent on the actual enactment of these recommended spending cuts. Instead, once introduced, Congress would have the opportunity to symbolically block any of the President’s requests to raise the debt limit by passing a ‘Resolution of Disapproval,’ which Obama would almost certainly veto, allowing him to retain the authority ceded to him by McConnell’s legislation and increase the nation’s borrowing authority, without enacting any spending cuts. Though members of Congress could attempt to override the presidential veto, doing so requires a two-thirds majority vote in both chambers, a threshold maintained by neither party, and one those opposed to the increases would be unlikely to reach. Thus, without a veto-proof majority, the McConnell plan would render lawmakers’ votes to increase the debt ceiling largely symbolic.

As introduced, McConnell’s plan was met with criticism from both Republicans, who characterized the plan as forfeiting their months-long work to leverage the debt ceiling vote into a long-term budget reduction plan, as well as from Democrats, who object to McConnell’s political motivations, as well as to his abandonment of meaningful debt reduction.

The McConnell-Reid Plan - Despite the objections over the McConnell plan, Senate Majority Leader Harry Reid (D-Nev.) is consulting with the Minority Leader to make the original proposal more palatable among House Republicans, as a contingency mechanism to increase the debt limit if the high-level White House talks fail to produce a plan. Crafting a viable fallback plan based on McConnell’s framework is expected to be difficult, as enough spending reductions will need to be included in the measure to satisfy Republicans in both chambers, but those cutbacks cannot be so deep that they drive away Democrats, whose votes are expected to be especially critical to House passage of a final agreement.

Currently, Reid is working with McConnell to add binding spending cuts to the proposal, likely from the approximate \$1 trillion in discretionary spending previously identified as having bipartisan support in earlier budget negotiations. Any agreement would likely require some up-front cuts to the FY12 budget, and Democrats are expected to push for a \$2.4 trillion increase in the debt ceiling to

cover the nation's borrowing costs through 2012, a key White House goal. The Senators also are discussing setting up two-year statutory caps on discretionary spending, as well as adding language to the McConnell Plan to create a bipartisan, bicameral committee that would recommend budget cuts, and an expedited process by which Congress would vote on the committee's recommendations.

Though these talks remain a sideline issue amid the ongoing White House negotiations, the leadership of both parties has been slow to reject the idea of a McConnell-Reid Plan serving as a viable option, absent any other mechanism to increase the nation's borrowing authority before the August 2 deadline. Speaking to this possibility, President Obama said in a July 19 press conference that the plan proposed by Reid and McConnell represents a "failsafe" if a broader debt agreement cannot be reached.

Also on July 19, House Speaker John Boehner (R-Ohio) intimated that Republicans need to look at "Plan B" alternatives in the debt-ceiling debate, while defending the lower chamber's "cut, cap, and balance" plan as "the most important thing we can do" to control federal spending. This public admission on the GOP leadership's part that there may be a need to pursue alternative avenues to those currently introduced in the House supports the potential for the deal being negotiated by Reid and Senate Minority Leader Mitch McConnell (R-Ky.) to operate as a contingency plan.

The Gang of Six - Last week, Senate Budget Chairman Kent Conrad (D-N.D.) released new details on the work done by the remaining members of the 'Gang of Six' Senators to broker a bipartisan long-term deficit reduction package based on the recommendations made by the President's [National Commission on Fiscal Responsibility and Reform](#). According to Conrad, the group's current plan, its 14<sup>th</sup> since beginning negotiations, would trim the deficit by at least \$3.6 trillion over ten years, in part through entitlement reform, cuts to both security and non-security domestic spending, and reforming the tax code.

After Tom Coburn (R-Okla.) left the talks in May, citing his concerns that the group's proposed cuts to discretionary spending and Medicare were insufficient, the Gang of Six has been down to five members, Conrad, Majority Whip Richard Durbin (D-Ill.), Mark Warner (D-Va.), Saxby Chambliss (R-Ga.), and Michael Crapo (R-Idaho). Coburn's absence and refusal to sign onto the latest iteration prevented the group from releasing its proposal, with the remaining GOP Senators, Chambliss and Crapo, declining to publically endorse it. Apparently convinced to return to the

negotiations by the group's inclusion of \$116 billion in health care savings over ten years, on July 19, Coburn reunited with his colleagues to unveil the Gang's plan to a group of about 50 Senators.

The initial reaction to the plan, which is based on a mix of 74 percent spending cuts and 26 percent tax increases, was reportedly positive. The bipartisan package would reduce the deficit by up to \$3.7 trillion over ten years, including an immediate \$500 billion cut as a "down payment." In their plan, the Senators cite few specifics on how to slow the growth of Medicare and Medicaid costs, instead charging congressional committees with the responsibility of identifying these opportunities. The framework does include a recommendation to overhaul the formula used to set Medicare physician payment rates, as well as a repeal of the ACA-created Community Living Assistance Services and Supports (CLASS) plan. The group also proposes to phase in a change to Social Security's inflation formula, while committing any resulting savings to ensuring the program's solvency, rather than deficit reduction.

To date, Senate leaders of both parties have kept their distance from the proposal, which is still being finalized. On July 19, Douglas W. Elmendorf, Director of the nonpartisan Congressional Budget Office (CBO) said that it would take two weeks to score the Gang of Six's plan, a timeline that has caused some lawmakers to suggest a short-term, two month, debt ceiling increase that would buy negotiators enough time to finalize the bipartisan plan.

Other Senators have raised the possibility that the Gang of Six's proposal could be used to direct the work of the deficit-focused legislative committee that is expected to be part of the McConnell-Reid deal, and Sen. Reid met with Mark Warner on July 20 to see if any elements of the bipartisan proposal could be incorporated into the proposal being crafted by the leadership.

It remains unclear what role, if any, the plan may play in the White House negotiations, but President Obama praised the framework, noting that it is "broadly consistent with the approach" he has pushed, while urging lawmakers to develop an agreement that would garner enough consensuses to solidify a long-term deficit reduction mechanism and raise the debt ceiling. Nevertheless, the group's failure to publicly unveil the plan as of yet decreases the chance that their work will have much impact on the ongoing efforts to couple an increase in the federal debt limit with a significant deficit reduction package.

The Coburn Plan - Since exiting the negotiations amid his concerns that the other members of the Gang of Six were not proposing enough cuts to discretionary spending and Medicare, Coburn has been highly focused on his own plan to cut the deficit by \$9 trillion, approximately 20 percent of projected spending, over the next ten years, which he released on Monday, July 18.

The plan, which he called "[Back in Black](#)," would raise nearly \$1 trillion through new revenues and cut nearly \$4 trillion in discretionary spending, including \$1 trillion from defense. An additional \$2.64 trillion in savings would come from changes to Medicare and Medicaid, in part by increasing the Medicare eligibility age to 67 and raising enrollee premiums for Medicare Part B to 35 percent. Coburn's approach also calls for means testing certain parts of Medicare and other entitlements, as well as for the repeal of several provisions of the ACA, including the CLASS program, the individual mandate, and the Medicaid expansion.

The plan is not expected to gain much support in the House or Senate, with its revenue increases alienating Republicans, and the sweeping entitlement changes and deep spending reductions ensuring Democratic opposition.

The Senate Budget Resolution - On July 11, Senate Budget Committee Chairman Kent Conrad (D-N.D.) outlined the long-awaited Senate Democratic budget plan for FY12, with the hope that it would influence the ongoing negotiations to raise the \$14.3 trillion debt limit. Currently, he is not planning to move forward with a committee markup of the budget resolution, in the event that the Senate's framework is needed as a vehicle for a final debt ceiling and deficit reduction deal.

Based on Conrad's summary, the proposal would reduce the deficit by \$4 trillion over ten years through an even mix of spending cuts and tax increases. To generate revenue through a tax code overhaul, Conrad proposes reducing the corporate tax rate from 35 percent to 29 percent, eliminating some tax credits and special provisions targeted at businesses and individuals, and raising the rate paid by individuals making more than \$500,000 a year, and couples making more than \$1 million a year, from 35 percent to 39.6 percent.

Conrad would set the ceiling for discretionary spending at \$1.058 trillion in FY12, almost \$39 billion more than the \$1.019 trillion cap adopted by the House in their FY12 budget resolution. The Senate proposal would increase overall discretionary spending by \$8 billion over the \$1.050 trillion level for the current fiscal year, which

includes a decrease of \$7 billion in security spending and an increase of \$15 billion in domestic spending.

The plan would set aside Social Security from deficit reduction efforts, but is largely silent on entitlement specifics that are usually included in budget resolutions, such as changes to Medicare and Medicaid. Such an approach strengthens the probability that through this framework, Conrad is seeking to impact the ongoing White House negotiations, rather than produce a formal resolution for Senate consideration.

## Impact on the FY12 Appropriations Process: The House and Senate

The House - Since negotiations over raising the debt ceiling are expected to set the final spending limits for FY12, House appropriators are moving ahead with the appropriations process despite uncertainty regarding the amount of money they will actually have to spend in the coming fiscal year, using the House-passed budget resolution (H Con Res 34) as a basis for setting spending limits for FY12.

On May 11, the House Appropriations Committee released its draft [302\(b\) Sub allocations](#), which provide the 12 House Appropriations Subcommittees with funding targets for FY12. These spending caps are assigned by the full Appropriations Committee, which divides the total amount allocated to the Committee by the House-adopted budget resolution among the subcommittees. Based on these draft numbers, in FY12, every subcommittee except Defense would receive a funding reduction compared with FY11 levels. Labor- HHS-Education, the subcommittee with jurisdiction over AoA's appropriations, would receive 11.6 percent less compared to FY11, and 23 percent less than requested by Obama in his FY12 budget.

On the same day as these spending caps were released, House Appropriations Chairman Hal Rogers (R-Ky.) announced a schedule that would allow for the completion of work on the lower chamber's FY12 Appropriations bills by September 30, the end of FY11. The plan includes marking up and approving each bill at both the Subcommittee and Full Committee levels before the August recess. To date, House appropriators have moved quickly to try and adhere to the schedule, and have adopted five Appropriations bills, while another four have been approved by the full Appropriations Committee.

While nine of the 12 spending bills have made it as least as far as a subcommittee markup, some of the measures that are traditionally the most controversial have yet to be considered. Specifically, appropriators have yet to release draft versions of the State-Foreign Operations bill, which faces deep opposition from some Republicans who oppose foreign aid, or the Transportation-HUD and Labor-HHS-Education bills, both of which are sure to draw strong Democratic opposition due to expected deep spending cuts and attempts to change policy.

### The Debt Ceiling and FY12 Appropriations

Congressional leaders and the White House remain locked in negotiations over a deficit reduction package that the GOP is demanding in return for raising the debt limit, and spending cuts are likely to be part of that eventual legislation. Thus, the FY12 appropriations bills have been placed on the back burner as lawmakers await the results of negotiations to raise the debt ceiling, and the following descriptions of the current actions in the House and Senate provide a snap shot of how the appropriations process is currently unfolding.

The largest of the 12 in monetary terms, the FY12 Labor-HHS-Education bill may serve as a forum for battles over issues related to the ACA, and given the cuts set by the 302(b) allocations, the debates over policy riders are expected to be highly contentious. Currently, House Appropriations Subcommittee Chairman Denny Rehberg, (R-Mont.) is planning to hold a markup of draft legislation on July 26, and the full Committee markup is set to occur on August 2.

Although the House Transportation-HUD Appropriations Subcommittee was scheduled to release its FY12 funding bill and mark it up in subcommittee on July 14, the markup has been postponed and remains unscheduled. The bill is expected to cut funding for popular programs that distribute money to communities for roads and housing, and the postponement may relate to an unwillingness to move forward with these unpopular cuts without a debt ceiling package. Senior Democratic and Republican appropriators, meanwhile, attributed the cancellation to a crowded legislative schedule, and subcommittee Chairman Tom Latham (R-Iowa) said the bill may not be unveiled until after the August recess.

The Senate - In the Senate, it remains unclear how much influence Conrad's draft budget resolution will have on the appropriations process, which has been moving very slowly so far this year, compared with the House. The Senate has not yet set a schedule for consideration of any FY12 funding bills, and Senate Appropriations Chairman Daniel Inouye (D-Hawaii) is waiting for the debt limit negotiations to produce a final agreement and set a spending cap for FY12 before doing so.

So far this year, the Senate Appropriations Committee has marked up one of its 11s spending measures, the Military Construction-VA (HR 2055) bill. On June 30, the full Committee approved the legislation, the first stand-alone spending bill to reach the Senate floor since 2008, setting total funding for Military Construction, Veterans Affairs, and Related Agencies at \$142 billion for FY12. Of this amount, \$72.53 billion is discretionary funding, \$618 million below the FY11 enacted discretionary level, and \$1.23 billion below the President's budget request for FY12. The measure easily passed with bipartisan support, by a vote of 30 to 0, in part because the version considered by the Senate fit within the spending framework of the version passed by the GOP-controlled House. That the one appropriations bill the Senate has advanced this year had broad-based support to cut discretionary spending for military construction and the Veterans Administration underscores the anticipated difficulties in sustaining any discretionary funding levels in FY12, as compared with FY11.

## Impact on the Reauthorization Process: WIA, SAFETEA-LU, and the OAA

The Workforce Investment Act - The Workforce Investment Act (WIA) has been up for reauthorization since 2003. Over the past year, Chairman of the Senate Health, Education, Labor and Pensions (HELP) Committee Tom Harkin (D-IA) and Ranking Member Mike Enzi (R-WY), have been working with Chairman of the Employment and Workplace Safety Subcommittee Patty Murray (D-WA), and the Subcommittee's Ranking Member Johnny Isakson (R-GA), to develop a WIA reauthorization bill. In early June, the HELP committee released discussion drafts of Titles I-V of the proposed legislation, tentatively scheduling the full committee markup of for later that month. To date, the markup has been postponed three times, and the Senate HELP Committee is currently set to consider the proposed reauthorization bill on August 3. Once the full committee markup is complete, the bill will be introduced to the full Senate for approval.

A bill is not expected in the House of Representatives this year, where passage would be difficult given the deep spending cuts to discretionary programs contained in the lower chamber's FY12 budget resolution, and the corresponding 302(b) Suballocations.

Surface Transportation - The current surface transportation bill, the Safe, Accountable, Flexible, Efficient, Transportation Equity Act (SAFETEA-LU), has been extended seven times since its October 2009 expiration, the most recent of which will lapse on September 30, 2011.

Earlier this month, House Transportation and Infrastructure Committee Chairman John Mica (R-Fla.) presented a summary framework for a \$230 billion, six-year transportation reauthorization proposal. When releasing the blueprint, Chairman Mica stated that the timeline for the introduction and markup of the full text is contingent upon negotiations with Democrats and discussions with House leadership. Many of the bill's details cannot be described until legislative language

### The Debt Ceiling and Reauthorization

Due in part to the attention Congress has been devoting to the negotiations surrounding the debt ceiling, several lapsed bills, including WIA and SAFETEA-LU, have remained so. Similarly, the OAA is not expected to be reauthorized before its expiration at the end of September. As many of the programs authorized by these expired, or soon to be, pieces of legislation are funded through the annual appropriations process, the deficit reduction and debt ceiling increase mechanism, which is expected to set funding limits for discretionary spending in FY12, will impact these initiatives, regardless of the status of reauthorization.

is introduced, and the outlook for introduction remains somewhat unclear, based on signals from the Republican leadership. Several weeks ago, House Majority Leader Eric Cantor (R-VA) did not include surface transportation authorization on his list of bills that would be allocated floor time before the August recess.

Mica's proposal comes as the lower chamber is focused on the debt ceiling negotiations, and the steep funding reductions he recommends in the bill reflect this political climate. Further constraining the draft bill is House Rule XXI, which includes a 'pay as you go' provision that prohibits the House from advancing a surface transportation bill that would spend more than the Highway Trust Fund takes in. Pay-as-you-go, or PAYGO, requirements mean that any final legislation must contain offsets for any amounts that exceed expected trust fund collections. Senate Environmental and Public Works (EPW) Committee Chairwoman Barbara Boxer (D-Calif.) is considering moving forward with a shorter-term surface transportation bill that would extend current funding levels, adjusted for inflation, for two years, at \$109 billion. However, there is a \$12 billion gap between the smaller proposal and the estimated Highway Trust Fund revenues over this same period, and the Senate Finance Committee is said to be working to solve this financing issue to comply with PAYGO.

Originally, Boxer was planning to introduce her bill the week of July 11 and markup shortly thereafter, and the Senate Committee on Banking, Housing, and Urban Affairs, which has jurisdiction over transit, was planning to release its draft title following action by EPW. However, given the \$12 billion which must be bridged in order to fund this two-year proposal, it is likely that Senate action will be dictated by the results of the ongoing debt ceiling and deficit reduction negotiations between President Obama and Republican Leadership.

With Congress slated to spend the summer on budget negotiations and the debt ceiling, reauthorization of surface transportation legislation appears to have been crowded off the agenda until September, if not later. It is unlikely that the two chambers will have the opportunity to introduce, pass, and reconcile new transportation bills before the current SAFETEA-LU authorization lapses at the end of September. Accordingly, the two chambers may opt for another short-term extension and revisit the issue in 2012.

The Older Americans Act - The Older Americans Act (OAA) is set to expire on September 30, 2011, and much congressional attention between now and then is

likely to be focused on developing a long-term deficit reduction package that will facilitate an affirmative vote to raise the debt ceiling by August 2.

In the House, the Higher Education and Workforce Training Subcommittee has jurisdiction over the OAA, as does the Health, Education, Labor and Pensions (HELP) Subcommittee in the Senate. Currently, no hearings on the OAA reauthorization, which signal the beginning of the reauthorization process, are currently scheduled in either the House or Senate, and no draft legislative language has been released from the committees of jurisdiction. Though Senate Majority Leader Harry Reid (D-Nev.) released a statement on July 18 pledging that the Senate would stay in session until Congress passes legislation that prevents the federal government from defaulting on its obligations, the August recess, from August 8 through September 5, remains on the Senate calendar, as does a similar break on the House side. The schedules in both chambers make it extremely unlikely that the reauthorization of the OAA will be a top legislative priority before it expires at the end of the current fiscal year.

Absent a reauthorization by the end of FY11, the OAA programs will continue to operate, as Congress will enact a short-term extension and continue appropriations for OAA programs and services. In the past, when OAA authorization has lapsed, Congress has enacted one-year extensions; alternatively, Congress may appropriate funds to programs without extending the legislation's authorization. Thus, the FY12 appropriations process will dictate OAA program funding levels whether reauthorization occurs or not. Notably, funding for most OAA programs (Titles II, III, IV, VI, and VII) are part of the HHS appropriations, while Title V is a part of the Department of Labor (DoL) appropriations.

Currently, it remains unclear when OAA reauthorization will occur; some advocates are pushing to delay this process out of concern that going through a reauthorization in these fiscally challenging times could result in cuts to OAA programs. Others want Congress to move forward because reauthorization would allow lawmakers to promote the importance of OAA programs by strengthening the legislation, while delaying decisions about funding the Act until the next appropriations process. With the timetable for House and Senate action unknown, the September 30 expiration of the OAA nevertheless provides the aging network with an opportunity to promote the importance and cost-effectiveness of OAA programs. To do so, Assistant Secretary on Aging Kathy Greenlee has recently testified at several Congressional hearings promoting OAA programs, including the

Senate Special Committee on Aging hearing on *Meals, Rides and Caregivers: What Makes the Older Americans Act So Vital to America's Seniors* on May 26, and the Senate HELP Subcommittee on Primary Health and Aging's hearing on *Senior Hunger and the Older Americans Act* on June 21. Additionally, NASUAD, in consortium with the Leadership Council on Aging Organizations (LCAO) has held briefings for House and Senate staffers, to educate them, and their bosses, about the OAA, and the need for sustainable funding.

OAA reauthorization is not automatic; rather, it is an opportunity to highlight the critical need for, and successes of, the OAA. By bringing attention to the importance and efficacy of the OAA and its programs, reauthorization efforts remain important in this difficult fiscal environment, not only to lay the groundwork for a future reauthorization, but also to help these programs receive adequate funding through the FY12 appropriations process.