

**Legislative Bulletin.....April 1, 2009**

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**H.Con.Res. 85—FY 2010 Budget Resolution**

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**Order of Business:** General debate on the resolution may begin on Wednesday, April 1, 2009, subject to a general debate rule that waives all points of order and provides four hours of debate. The Rules Committee would have to report out a separate rule for any amendments made in order. (The RSC will summarize these amendments in a separate document.)

**Summary:** Among other things, the FY 2010 budget resolution sets recommended spending, revenue, deficit, and debt levels over the 2009-2014 period, sets reconciliation instructions (to “fast-track” legislation), and establishes the total 302(a) discretionary spending allocation for the Appropriations Committee to divide between its subcommittees.

**Proposed Revenues, Spending, and Deficits:** The Democrat budget resolution proposes the six largest nominal deficits in U.S. history. The lowest deficit proposed by the budget resolution—the \$586 billion deficit in FY 2013—is \$127 billion or 27.7% greater than the highest deficit in U.S. history (last year’s \$459 billion deficit). Below is the proposed revenue, spending, and the consequent deficits by year.

**Table 1: House Democrat Budget Resolution, FY 2009-2014**

*In Billions of Dollars*

<b>Year</b>	<b>Spending</b>	<b>Tax Revenue</b>	<b>Nominal Deficit</b>	<b>Deficit % of GDP</b>
2008 (actual)	2,983	2,524	459	3.2
2009	3,880	2,186	1,694	12.1
2010	3,550	2,328	1,222	8.5
2011	3,555	2,628	927	6.2
2012	3,533	2,916	617	3.9
2013	3,713	3,127	586	3.5
2014	3,908	3,310	599	3.5

**Tax Increases:** H.Con.Res. 85 proposes total tax collections equal to \$14.3 trillion over five years. Compared to a baseline that assumes the extension of the 2001 and 2003 tax cuts and the “AMT patch,” the budget resolution assumes a five-year tax increase of \$574 billion. The Democrat budget resolution assumes that much of this tax relief will expire.

**Discretionary Spending Level:** The budget resolution sets a 302(a) discretionary spending allocation equal of \$1.099 trillion for FY 2010 regular appropriations (excluding emergency spending), an 8.6% increase compared to FY 2009.

**Policies Not Included in Budget Resolution:**

- *“Making Work Pay” Tax Credit:* The resolution’s revenue numbers assumes that it will not be allowed to continue (as per the President’s budget), but will instead expire at the end of 2010.
- *“AMT Patch”:* The budget resolution’s revenue figure assumes expiration of “AMT patch” at the end of 2009.
- *Troubled Asset Relief Program (TARP):* Unlike the President’s budget, which requests \$247 billion for additional financial bailouts, the budget resolution assumes no additional funding for this program.

**Federal Debt:** Over five years, the budget resolution would increase the debt to \$17.1 trillion—an increase of \$5.3 trillion compared to the level on January 20, 2009. The budget increases the debt limit to \$13.223 trillion, an increase of \$1.119 trillion or 9.2%.

*Note:* Under Rule XXVII (the “Gephardt Rule”), when a concurrent budget resolution is adopted, the House clerk is instructed to automatically engross and send to the Senate a joint resolution increasing the public debt ceiling to the amount specified in the budget resolution. Since the Senate has no comparable procedure, the Senate must then consider and pass the joint resolution. **As a result, when Members vote for the budget resolution they are also voting to increase the federal debt ceiling.** The Republican budget repeals the Gephardt Rule.

**Reconciliation Instructions:** The budget resolution provides reconciliation instructions to the House Committee on Ways and Means to achieve \$1 billion in savings over five years, for the House Committee on Energy and Commerce to achieve \$1 billion in savings over five years, and for the House Committee on Education and Labor to achieve \$1 billion in savings over five years. Per the budget resolution, these savings are intended for “health care reform” and “investing in education.” However, this intent is non-binding, and the reconciliation instructions could actually be used to make any changes that comply with the dollar amount. This means, for example, that reconciliation could be used for “cap and tax.” The main consequence of reconciliation instructions is to allow the Majority to shutoff debate and amendments with a simple majority, instead of with the three-fifths majority normally required.

**Deficit-Neutral Reserve Funds:** The budget resolution creates seventeen deficit-neutral reserve funds including:

- “Health Care Reform;”
- “College Access, Affordability;”

- “Energy Independence;”
- “American Veterans and Servicemembers;”
- “Tax Relief;”
- “9/11 Health Program;
- “Child Nutrition;”
- “Structural Unemployment Insurance Reforms;”
- “Child Support;”
- “Affordable Housing Trust Fund;”
- “Home Visiting;”
- “Low-Income Home Energy Assistance Program;”
- “Surface Transportation Reauthorization;”
- “Medicare Improvements” in an amount of up to \$285 billion over ten years (that would have to be offset with unspecified savings or tax increases);
- “Middle Class Tax Relief” in an amount of up to \$1.85 trillion over ten years (that would have to be offset with unspecified savings or tax increases);
- Alternative Minimum Tax in amount of up to \$68.6 billion over ten years (that would have to be offset with unspecified savings or tax increases).
- Death Tax in an amount of up to \$256.2 billion over ten years (that would have to be offset with unspecified savings or tax increases).

The budget resolution does not actually set aside money for any of the above purposes, but instead, by establishing reserve funds, allows for these priorities *if* unspecified spending (that is assumed in this budget resolution) is reduced or taxes are increased.

### **Possible Conservative Concerns:**

**Reconciliation Instructions to “Fast Track” Liberal Priorities:** The budget resolution would allow reconciliation (as long as a deficit target of \$1 billion is met) for legislation under the jurisdiction of the Education and Labor Committee, the Energy and Commerce Committee, and the Ways and Means Committee. The Majority will say that this is intended for health care reform and education reform. However, *any* legislation that meets this deficit target that falls under one of these committees (such as “cap and tax”) would be eligible for reconciliation protection.

**Unprecedented Borrowing:** The budget resolution would increase the national debt to \$17.1 trillion in five years, an increase of \$5.3 trillion or 49% since January 20, 2009. But this increase is actually understated in two respects. First, the Democrat budget resolution hides what its policies would lead to over the full ten-year budget window. Second, the Democrat budget resolution does not “budget” for several items that are likely to either reduce revenue or increase spending (such as the “AMT patch”). The budget resolution proposes what would be the six largest deficits in U.S. history.

**Historic Spending Levels:** The Democrat budget resolution proposes federal spending equal to 27.6% of GDP in 2009 and 24.8% of GDP in 2010. These are the highest spending levels in U.S. history, except for World War II.

**Higher Taxes:** The Democrat budget resolution increases taxes by \$574 billion over five years.

**Committee Action:** H.Con.Res. 85 was reported out of the House Budget Committee as an original measure on March 27, 2009.

**Does the Resolution Expand the Size and Scope of the Federal Government?:** Yes, it proposes tax increases, spending increases, debt increases, and would enable expansions of the federal government via reconciliation.

**RSC Staff Contact:** Brad Watson, [brad.watson@mail.house.gov](mailto:brad.watson@mail.house.gov), (202) 226-9719