



Staff Contact: Russ Vought (x68581)

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## Budget Policy Brief

### H.Con.Res. 99—Concurrent Resolution on the Budget for Fiscal Year 2008

**Order of Business:** Consideration of H. Con. Res. 99 is occurring today, Wednesday, March 28, and tomorrow, subject to a structured rule which makes in order substitutes by the Progressive Caucus (Woolsey), the Congressional Black Caucus (Kilpatrick/Scott), and the Republican Conference (Ryan).

### Comparison of Budget Substitutes

#### Increase or Decrease in Federal Taxes:

Compared to CBO Baseline, as Adjusted to Assume the Extension of the 2001 and 2003 Tax Cuts

Negative Number Signifies Tax Relief, Positive Numbers Are Tax Increases

*In Billions of Dollars*

<b>PROPOSAL</b>	<b>2008</b>	<b>2008-2012</b>
Committee Budget	+1.8	+392.5
Progressive Caucus	+102.0	+949.3
Black Caucus	+76.9	+711.8
Republican Alternative	-46.9	-53.8

#### Total On-Budget (Excludes Social Security) Spending, Excluding Interest Payments:

Interest payments are excluded so as to show the levels of programmatic spending.

*In Billions of Dollars*

<b>PROPOSAL</b>	<b>2008</b>	<b>2008-2012</b>
Committee Budget	2,125.837	10,937.160
Progressive Caucus	1,988.354	10,763.230
Black Caucus	2,134.732	11,184.944
Republican Alternative	2,081.732	10,541.744

**Note:** This analysis does not look at the funding suggested for the separate functional categories. For discretionary spending, the Appropriations Committee is not bound by the functional suggestions in the budget resolution. For direct spending, only reconciliation instructions to change existing law are of real relevance. In addition, only the relevant 302(a) committee allocations made in the accompanying Committee Report are important for budget enforcement.

However, it should be noted that the Progressive Caucus significantly under-funds the President's defense request over five years by \$781.2 billion in order to lower their total spending levels.

In addition, the Progressive Caucus budget covers a ten-year window rather than the standard five-year window; this analysis looks only at the five-year window.

**On-Budget Deficit (Excludes Social Security):**

*In Billions of Dollars*

<b>PROPOSAL</b>	<b>2008</b>	<b>2008-2012</b>
Committee Budget	-415.902	-1,710.989
Progressive Caucus	-251.678	-880.666
Black Caucus	-377.417	-1,604.151
Republican Alternative	-425.834	-1,574.139

**Unified Deficit (Includes Social Security):**

*In Billions of Dollars*

<b>PROPOSAL</b>	<b>2008</b>	<b>2008-2012</b>
Committee Budget	-212.977	-556.337
Progressive Caucus	-49.563	273.956
Black Caucus	-175.020	-449.529
Republican Alternative	-223.581	-420.813

**Includes Supplemental Funding for On-going Military Operations in the Global War on Terror:**

<b>PROPOSAL</b>	
Committee Budget	YES
Progressive Caucus	NO
Black Caucus	YES
Republican Alternative	YES

**Increase in the Federal Debt Ceiling:**

*In Billions of Dollars*

<b>PROPOSAL</b>	<b>2008</b>	<b>Increase</b>
Committee Budget	9,461	+496
Progressive Caucus	9,295	+330

Black Caucus	9,423	+458
Republican Alternative	9,476	+511

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 voting to increase the federal debt ceiling.** The Republican budget repeals the Gephardt Rule.

### Spending Reconciliation, Reserve Funds:

#### Committee Budget:

- Provides deficit-neutral reserve funds for AMT tax relief (\$344.5 billion) and “middle-income tax relief” (\$261). However, it is important to note that since the budget’s revenue figures do not reflect such tax relief, these reserve funds are meaningless.
- Does not continue the reserve (“rainy day”) fund of \$6.45 billion to budget for nondefense emergency spending.
- Reconciliation instruction to the House Committee on Education and Labor to achieve \$75 million in savings over five years, although the resolution includes language stating that the instruction should not be construed to require reductions in education subsidies to college students. Some conservatives may be concerned that this small reconciliation instruction is actually an attempt to ensure that a student aid “reform” bill (perhaps Senator Kennedy’s STAR Act, S. 572) is within the scope of conference, leading to its passage in the Senate on a future reconciliation package with 50 votes, instead of 60.
- Deficit-neutral spending reserve funds that envision—according to the House Budget Committee Minority—\$115 billion spending in the following areas (based on the cost of the main proposals in each area) to be paid for by either tax increases or decreases in other spending:

*Savings  
Dollars in Millions*

<b>Reserve Fund</b>	<b>Five Years</b>
SCHIP Reauthorization	50,000
Farm Bill Reauthorization	20,000
Higher Education Reform	--
Medicare/Physician Fee Fix	--
Long-term Energy Alternatives	--
Affordable Housing	--
Filipino WWII Veterans	--
Secure Rural Schools	--
Bonneville Power Admin.	--
Transitional Medical Assistance	-

#### Progressive Caucus:

- None

Black Caucus:

- None

Republican Substitute:

- Reconciliation instructions to slow the growth in entitlements:

*Savings  
Dollars in Millions*

<b>Committee</b>	<b>First Year</b>	<b>Five Years</b>
Agriculture	452	9,849
Armed Services	50	410
Education & Labor	3,456	4,906
Energy & Commerce	8,344	97,359
Financial Services	0	400
Foreign Relations	20	250
Judiciary	265	3,515
Natural Resources	1,507	4,647
Transportation & Infrastructure	460	4,272
Ways and Means	10,109	153,122
<b>Total</b>	<b>24,663</b>	<b>278,730</b>

- Tax reconciliation instruction to the Ways and Means Committee to reduce revenues by \$48.9 billion in FY 2008, and \$447.2 billion over five years (enough to extend all of the 2001 and 2003 tax cuts and a one year patch for AMT relief, the state and local sales tax deduction, and the research and experimentation tax credit).

**Enforcement and Other Reform Provisions:**

Committee Budget:

- Restriction on advanced appropriations. However, the resolution increases the annual restriction from \$23.565 billion to \$25.558 billion, providing roughly \$2 billion in additional discretionary spending each year.
- Provides for an increase (or “adjustment”) in spending for the House Appropriations Committee if it reports bills for 1) continuing disability reviews and SSI re-determinations, 2) improving tax compliance at the IRS, 3) reducing healthcare fraud, and 4) reviewing improper unemployment insurance payments.
- Exempts funding directly related to the Global War on Terror from budget constraints.

Progressive Caucus:

- None

Black Caucus:

- Requires the Secretary of Defense to submit a report within 90 days that demonstrates how the Pentagon plans to implement 1,378 GAO recommendations to yield defense savings.

### Republican Substitute:

- Continues the current restriction on advance appropriations at \$23.565 billion.
- Exempts funding directly related to the Global War on Terror from budget constraints.
- Repeals the Gephardt Rule (discussed above).
- Requires budget compliance statements by the Budget Committee in all committee reports.
- Requires cost estimates for conference reports and unreported measures.
- Requires roll call votes for new spending in excess of \$50 million.
- Requires the Chairman of the Budget Committee to hold hearings on budget process reform and to introduce legislation that would include: 1) discretionary spending limits, 2) provisions to slow the growth of entitlement spending, 3) line item veto, 4) emergency spending controls, and 5) accrual accounting of the federal government's long-term spending obligations, etc.
- Rainy-day fund (\$6.45 billion) to budget for non-defense domestic emergencies. In addition, the resolution would define an "emergency" and require spending to meet its criteria in order to tap the fund.
- Legislative Line-item Veto (the non-statutory portions).
- Earmark reform to require that earmarks be in the legislative text of a bill and available on the internet for 48 hours in order to be considered by the full House.
- PAYGO point of order for legislation increasing direct spending. This unwaivable point of order would not apply to legislation reducing revenues.
- Discretionary spending limits.

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