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Budget Policy Brief

S.Con.Res. 70—Concurrent Resolution on the Budget for Fiscal Year 2009 Conference Report

Order of Business: The closed rule ([H.Res. 1214](#)) provides for one-hour of debate on the Conference Report.

Major Provisions of Note:

- **The Largest Tax Increase in U.S. History:** The House-passed budget resolution's revenue figure assumes expiration of all of the 2001 and 2003 tax cuts—a \$683 billion tax increase over five years. The conference report contains a lower revenue figure, which would be the equivalent to a \$347 billion tax increase over five years. However, as the House Budget Committee Republicans note, *the effect of this conference report is to require the full \$683 billion tax increase* for two reasons. First, the budget resolution contains a “tax trigger” which does not allow any of the 2001 and 2003 tax cuts to continue beyond 2010 unless surpluses are projected in 2012 and 2013. Second, nothing in this budget resolution waives the PAYGO rule, which would require an extension of the 2001 and 2003 tax cuts to be offset with tax increases.
- **\$80 Billion Increase in FY 2009 Discretionary Spending:** Provides an FY 2009 discretionary spending 302(a) allocation to the Appropriations Committee of \$1.013 trillion, an \$80 billion or 8.6% increase compared to last year. This is \$21 billion above the President's request, which translates to \$241 billion over five years.
- **Debt Limit Increase:** Per the “Gephardt rule,” House passage of the FY 2009 budget resolution would result in House approval of an increase in the debt limit to \$10.2 trillion. The current debt limit is \$9.815 trillion.
- **War Funding:** Provides \$178 billion for war funding in FY 2008 and FY 2009, but assumes no spending beyond that amount in 2010—2013.
- **Entitlements/Earmarks:** The conference report includes no entitlement reform or earmark reform provisions, and contains no reconciliation instructions.

Comparison of House, Senate, and Conference Report Budget Resolutions

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

| PROPOSAL | 2009 | 2009-2013 |
|-------------------|------|-----------|
| House | -69 | +683 |
| Senate | -84 | +283 |
| Conference Report | -71 | +683* |

Note: As mentioned above, the lower \$347 billion tax increase figure for the conference report does not waive PAYGO and relies on a tax trigger that allows for extension of some of the tax cuts *only if* surpluses are projected in 2012 and 2013.

Total On-Budget (Excludes Social Security) Spending:

In Billions of Dollars

| PROPOSAL | 2009 | 2009-2013 |
|-------------------|-------|-----------|
| House | 2,563 | 13,489 |
| Senate | 2,576 | 13,476 |
| Conference Report | 2,566 | 13,483 |

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.

On-Budget Deficit (Excludes Social Security):

In Billions of Dollars

| PROPOSAL | 2009 | 2009-2013 |
|-------------------|------|-----------|
| House | -536 | -1,373 |
| Senate | -564 | -1,759 |
| Conference Report | -536 | -1,703 |

Unified Deficit (Includes Social Security):

In Billions of Dollars

| PROPOSAL | 2009 | 2009-2013 |
|----------|------|-----------|
| House | -340 | -262 |
| Senate | -368 | -649 |

| | | |
|-------------------|------|------|
| Conference Report | -340 | -591 |
|-------------------|------|------|

Increase in the Federal Debt Ceiling:

In Billions of Dollars

| PROPOSAL | 2009 | Increase |
|-------------------|-------------|-----------------|
| House | 10,200 | +633 |
| Senate | 10,279 | +660 |
| Conference Report | 10,207 | +632 |

Spending Reconciliation:

- The budget resolution contains *no* reconciliation instructions for either mandatory spending or revenue.

Reserve Funds:

- Establishes a tax trigger that allows for extension of some of the tax cuts *only if* there is a projected a projected surplus in 2012 and 2013, and does not allow more than 80 percent of any surplus to be used for tax relief. This is an additional point of order, which applies only in the House, against extending the 2001 and 2003 tax cuts.
- Provides deficit-neutral reserve funds for AMT tax relief and for “middle-income tax relief.” However, it is important to note that since the budget’s revenue figures do not reflect such tax relief, these reserve funds are meaningless.
- Creates a total of 37 deficit-neutral spending reserve funds, 20 of them for the House and 17 for the Senate. The House reserve funds include:

Dollars in Millions

| Reserve Fund | Five Years |
|-----------------------------|-------------------|
| SCHIP Reauthorization | 50,000 |
| Veterans | ---- |
| Education Benefits Veterans | ---- |
| Infrastructure | ---- |
| Renewable Energy | ---- |
| Middle-Income Tax Relief | ---- |
| Alternative Minimum Tax | ---- |
| Higher Education | ---- |
| Affordable Housing | ---- |
| Medicare | ---- |
| Health Care | ---- |
| Medicaid | ---- |
| 9/11 Health | ---- |
| Trade Adjustment Assistance | ---- |
| County Payments | ---- |
| San Joaquin River | ---- |
| National Park Centennial | ---- |

| | |
|---------------------------|-------|
| Child Support Enforcement | ---- |
| TANF | 5,000 |

Budget Process Provisions:

- Creates PAYGO point of order for both direct spending and revenue measures in the Senate, which could be waived only if 3/5 of Senators voted to do so.
- Creates a point of order in the Senate against reconciliation legislation that would increase the deficit or reduce a surplus. This would also apply to both direct spending and revenue bills and could be waived only if 3/5 of Senators voted to do so.
- Creates a similar point of order in the Senate against any legislation that increases long-term deficits for any of the four ten-year budget windows after the FY 2009 to FY 2018 period (FY 2019 – FY 2028, etc.).
- Loosens a restriction on advanced appropriations by increasing the annual restriction from \$25.6 billion to \$28.9 billion, providing roughly \$3 billion in additional discretionary spending each year.
- Exempts funding designated as emergency spending from budget constraints.

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