

The House and Senate Budget Committees have passed budget resolutions for Fiscal Year 2010. Floor action on both measures is expected the week of March 30. A summary of the two proposals is provided for your information.

House Budget Resolution: The House Budget Committee adopted a resolution by a 24 to 15 vote on Wednesday, March 25, 2009. The measure includes \$3.4 trillion, comprised of \$1.2 trillion in discretionary spending and \$2.2 trillion in mandatory spending, offsetting receipts, and net interest. It reflects a 2010 budget deficit of \$1.2 trillion. The House proposal reduces the deficit to \$598 billion or 50 percent by 2014. The resolution supports initiatives in health care, energy, and education.

Total budget authority for discretionary spending from 2010 through 2014 declines by three percent. Non-defense discretionary spending for 2010 is \$533 billion as compared to the President's budget request of \$540 billion.

For the Natural Resource and Environmental programs category, the category that contains most of Interior's programs, the budget resolution includes \$35 billion in discretionary spending. This is a reduction of \$2.7 billion or 7 percent below 2009 levels (2009 amounts are adjusted in the comparison to exclude Recovery Act funding). Funding increases for this category of spending in 2011 through 2014 by 8 percent over the 2010 level. The Community and Regional Development category, which contains most of the Bureau of Indian Affairs funding, is funded at \$18 billion, an increase of \$3 billion or 20 percent from the 2009 level. Funding increases for this category from 2011 through 2014 by 18 percent over the 2010 level.

The budget resolution provides increased resources for the Land and Water Conservation Fund, recognizes the need to upgrade the water infrastructure in the Commonwealth of the Northern Marianas and other U.S. Territories, and encourages Federal agencies to work with territorial governments on this issue. The resolution also allows for additional funding for programs in NOAA, the Forest Service and the Department of the Interior.

The House resolution extends middle income tax cuts adopted in 2001 and 2003 including the ten percent bracket, the child tax credit, and marital penalty relief. It indexes the alternative minimum tax and extends estate tax exemptions at the 2009 levels.

The House resolution includes deficit-neutral reserve funds for a series of initiatives. These are yet to be defined amounts to be funded from yet to be defined sources. It is up to the authorizing committees to determine the level of spending and mix of offsets that may be necessary to fund these investments. They include health care, education, energy, veterans' health care and benefits, tax relief, child nutrition, unemployment insurance reforms, affordable housing, energy assistance, Medicare improvements, and tax modifications. The resolution instructs the authorizers to provide tax incentives for renewable energy, encourage investments in carbon capture technology and reduce emissions of greenhouse gas emissions.

Senate Budget Resolution: The Senate Budget Committee adopted a resolution on Thursday, March 26, 2009 on a 13-10 party-line vote. The measure includes \$3.4 trillion comprised of \$1.2 trillion in discretionary spending and \$2.2 trillion in mandatory spending. It reflects a deficit of \$1.2 trillion in 2010. The Senate proposal reduces the deficit to \$508 billion by 2014, a reduction of 60 percent. The Senate budget resolution mirrors the House resolution and the President's budget, with initiatives in energy, education, and health.

Total budget authority for discretionary spending from 2010 through 2014 is relatively stable, reflecting a reduction of less than one percent. Non-defense discretionary spending for 2010 is \$525 billion, \$15 billion below the President's budget. The non-defense portion of discretionary spending increases from 2010 to 2014 by six percent, while the defense portion declines over this same period by nearly six percent.

For the Natural Resource and Environmental programs category, the Senate budget resolution includes \$35 billion in discretionary spending, a reduction of \$2.7 billion or 7 percent below 2009 levels (excluding the Recovery Act). Funding increases in 2011 through 2014 by 4 percent over the 2010 level. The Community and Regional Development category is funded at \$16 billion, an increase of \$1 billion or 7 percent from the 2009 level. Funding increases marginally from 2011 through 2014 over the 2010 level.

The Senate budget resolution includes an extension of the 2001 and 2003 income tax cuts for tax payers making under \$250,000 per year, alternative minimum relief, estate tax reform, and business tax relief.

The Senate proposal includes initiatives for energy including the development of a Clean Energy Investment Fund; water infrastructure priorities for the Bureau of Reclamation; increases for the Corps of Engineers and Interior for Everglades restoration; Land and Water Conservation Fund; Great Lakes restoration; infrastructure – highways; and native American programs. The Senate resolution includes the ten year average for fire suppression and assumes additional funding will be provided if this funding is exhausted. The proposal includes direction for climate change legislation that will create a reserve fund to invest in clean energy technology.

Unlike its House counterpart, the Senate resolution includes no reconciliation instructions for legislation to implement President Obama's health and education policies. Such provisions would allow the bills to move without the threat of a Senate filibuster.