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TAX DAY – AND NO CONGRESSIONAL BUDGET

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When Republicans faltered on budgeting in the past, Democratic criticism was severe, including a press release headline by then-Minority Leader Pelosi that read: “Republicans’ Inability to Pass a Budget Hurts America’s Children.” Today the echo of their words is deafening.

While Americans scramble to file their Federal tax returns, the Democratic Congress is sliding past its deadline for the most fundamental obligation of governing: adopting a Federal budget by April 15.¹ Nevertheless, the President and Democratic Congress have managed to enact nearly \$1.8 trillion in additional spending (over 10 years) since January 2009, and to raise Americans’ taxes by \$670 billion over the same period (see further discussion below). This week, press accounts hinted House Democratic leaders might choose not to bring a budget to the floor at all – which would be an unprecedented failure to govern, at the worst possible time.

Here are some key points about the potential lack of a congressional budget.

IGNORING A FISCAL CRISIS

- The Nation stands at the brink of an historic fiscal dilemma. Spending, deficits, and debt are running out of control. Financial experts are warning that the United States’ AAA bond rating might be in jeopardy, and the U.S. economy could face an inexorable and permanent decline – sacrificing the prosperity of future generations.
- Instead of using February and March to tackle the budget, the President and Democratic Congress exploited the budget process to force through their government takeover of the health care sector. They used a token \$1-billion reconciliation instruction from last year’s budget resolution to leverage a \$2.6-trillion spending increase when fully implemented, coupled with the largest tax increase in history.²
- The Congressional Budget Office [CBO] reports the President’s budget – the only budget there is at the moment – drives debt to an alarming 90 percent of the economy by 2020.

¹ According to section 300 of the Congressional Budget Act, Congress is to complete a conference report on the budget resolution by the 15th of April.

² See the House Budget Committee Republican staff paper, *The Costly Consequences of Health Care ‘Reform’: A Review of the Legislation as Enacted*, 7 April 2010:
http://www.house.gov/budget_republicans/press/2010/hc-ed-final-7apr10.pdf.

- Compared with 2008, when it was \$5.8 trillion, debt held by the public under the President's budget more than doubles in 5 years, and more than triples over 10 years, CBO reports.³
 - The budget pushes the debt to \$9.2 trillion this year, 63.2 percent of gross domestic product [GDP], the largest debt in history and the largest debt as a share of the U.S. economy in 59 years.
 - The President's 2020 debt of 90 percent of GDP approaches levels of the 1940s. It is within sight of the high-water mark of 108.7 percent of GDP set in 1946; and the debt beyond 2020 rises sharply (see Figure 1 at the end of this document).
- The President's budget also pushes spending to a new record of \$3.8 *trillion* in fiscal year 2011, widens the deficit to a new record of \$1.5 trillion this year, and raises taxes by \$1.8 trillion through 2020.
 - As a share of the economy, the President's 2010 deficit is 10.3 percent of GDP – the largest rate of excess spending since World War II. Going forward, deficits in the President's budget never fall below \$724 billion, and never below 4.1 percent of GDP – levels his own Budget Director has termed “unsustainable.”
 - But the congressional Majority has worsened the government's budgetary prospects with nearly \$1.8 trillion in spending increases, including the failed “stimulus” bill, appropriations increases above inflation, and the government takeover of health care, among others (see Table 1 below).

Table 1: New Spending Enacted by Obama and Democratic Congress, 2009-19
(in billions of dollars)

Legislation	Spending
'Stimulus'	626
2009 Omnibus ^a	268
State Children's Health Insurance Program ^b	34.5
Increases to President's War Supplemental ^c	16
Appropriations Above Inflation ^d	448
Health Care Reconciliation ^e	382
UI and Other Benefits Temporary Extension	8
Total	1,783

^a Congressional Budget Office [CBO] score of spending above baseline in H.R. 1105.

^b Based on CBO analysis of H.R. 2 through 2013, including discretionary administrative costs.

^c CBO score of non-defense spending in H.R. 2346.

^d House Budget Committee Republican staff analysis of 2010 enacted vs CBO baseline budget authority excluding emergencies.

^e Direct spending.

- The President at least prepared and submitted a budget, although he left the real work of tackling the debt to a Fiscal Commission. But it appears the Democratic Leaders in the House will simply throw up their hands and concede that, after all their new spending and debt, budgeting has become too difficult for them.

³ See Congressional Budget Office, *An Analysis of the President's Budgetary Proposals for Fiscal Year 2011*, March 2010: <http://www.cbo.gov/ftpdocs/112xx/doc11280/03-24-apb.pdf>.

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- Meanwhile, as a fitting note on tax day, the President and Democratic Congress have increased Americans' taxes by \$670 billion over the next 10 years, according to an analysis by the Republican staff of the Ways and Means Committee.⁴ Many of these came in the health care legislation, including:
 - A Medicare tax increase totaling \$210.2 billion.
 - A new annual tax on health insurance totaling \$60.1 billion.
 - A \$52-billion tax on employers who do not fully comply with the legislation's mandates.
 - A \$27-billion tax on pharmaceuticals.

According to the Ways and Means staff analysis: "The list includes at least 14 violations of the President's pledge not to raise taxes on Americans earning less than \$200,000 for singles and \$250,000 for married couples." This specific group of tax hikes totals \$316 billion over 10 years.⁵

RECENT HISTORY OF CONGRESSIONAL BUDGETS

It is true that Congress has at times struggled through a year without a formal budget resolution agreed to by both the House and Senate. Table 2 below reflects the four occasions when Congress did not complete a budget resolution conference report. But in each of those years, the House Budget Committee marked up a resolution, and the House passed a budget.

Table 2: Years Without House-Senate Passage of Budget Resolution Conference Report

Fiscal Year	House Budget Resolution	Date Reported by Committee	Date Consideration Began in House	House Passage	House Adoption of Conference Report
1999	H.Con.Res. 284	27 May 1998	4 June 1998	5 June 1998	—
2003	H.Con.Res. 353	15 March 2002	20 March 2002	20 March 2002	—
2005	H.Con.Res. 393	19 March 2004	24 March 2004	25 March 2004	19 May 2004
2007	H.Con.Res. 376	31 March 2006	6 April 2006	18 May 2006	—

THE 'DEEMING' OPTION

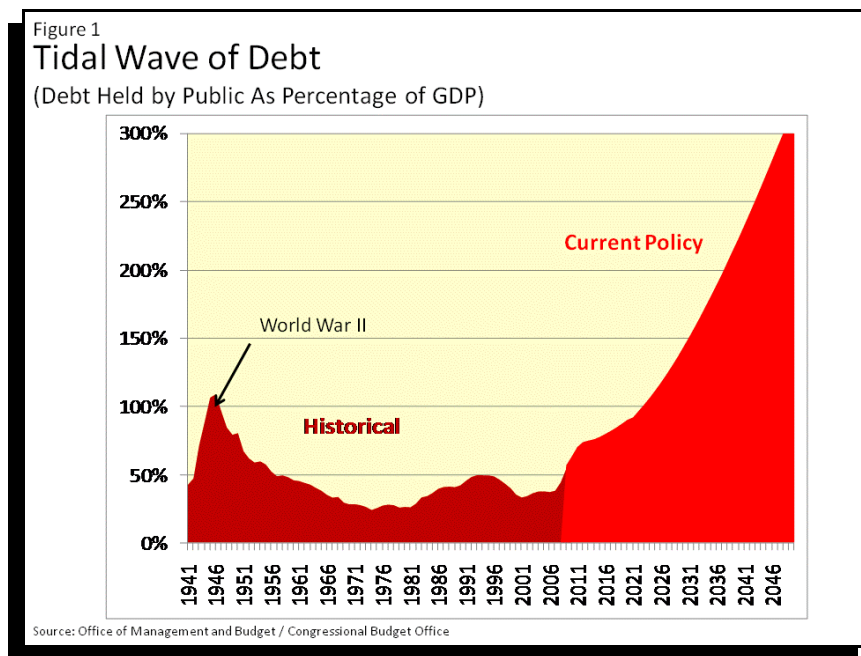
Instead of providing a specific path to get the government's deficits and debt under control, the Majority appears to be moving toward a "deeming resolution," which will serve as a stand-in for a key part of the budget's role: to set the allocation for discretionary spending. But a "deemer" is not a budget:

⁴ The Ways and Means Committee staff analysis can be found at:
<http://republicans.waysandmeans.house.gov/UploadedFiles/DemTaxIncreases1.pdf>.

⁵ Ibid.

- It does not set priorities, as a budget does.
- It gives the Appropriations Committee the green light to spend.
- It does not establish other spending levels – such as those for entitlements, the biggest problem in the budget outlook.
- It provides no means of restraining uncontrolled entitlement spending.
- It makes no attempt to align spending, tax, deficit, and debt levels.

Ironically, instead of addressing the Nation’s unsustainable budget path, a “deemer” will facilitate the Appropriations Committee’s ability to increase spending.



Note: The debt increase reflected here is based on a comparison of CBO’s estimate of the President’s budget for fiscal years 2010-20 and the “Alternative Fiscal Scenario” beyond 2020 in CBO’s *The Long-Term Budget Outlook*, June 2009:

<http://www.cbo.gov/ftpdocs/112xx/doc11280/03-24-apb.pdf>.

<http://www.cbo.gov/ftpdocs/102xx/doc10297/06-25-LTBO.pdf>

This document was prepared by the Republican staff of the Committee on the Budget, U.S. House of Representatives. It has not been approved by the full committee and may not reflect the views of individual committee members.