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Policy Brief

H.Con.Res. 376 -- Concurrent Resolution on the Budget for Fiscal Year 2007

Order of Business: Consideration of H.Con.Res. 376 is scheduled to continue on Thursday, April 6, 2006. The Rules Committee has not yet reported out a rule making in order substitutes by the Democratic Leadership (Spratt), the Republican Study Committee (Hensarling), the Tuesday Group (Castle) or the Congressional Black Caucus (Watt).

Comparison of Budget Substitutes

Increase or Decrease in Federal Taxes:

Compared to the CBO Baseline (which does **NOT** assume the extension of current tax rates)
 Negative Number Signifies Tax Relief, Positive Numbers Are Tax Increases

In Billions of Dollars

PROPOSAL	2007	2007-2011
Committee Budget	-39.0	-227.8
RSC	-60.4	-630.2

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

PROPOSAL	2007	2007-2011
Committee Budget	1,929.089	10,197.812
RSC	1,845.588	9,296.126

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 mandatory spending, only reconciliation proposals to change existing law or the relevant Committee Allocation (302(a) allocation) made

in accompanying Committee Report are of real relevance. Many budget reform proposals have suggested eliminating most of the functions.

On-Budget Deficit (Excludes Social Security):

In Billions of Dollars

PROPOSAL	2007	2007-2011
Committee Budget	-543.2	-2,247.1
RSC	-503.9	-1,792.3

Unified Deficit (Includes Social Security):

In Billions of Dollars

PROPOSAL	2007	2007-2011
Committee Budget	-348.1	-1,091.2
RSC	-308.0	-628.4

Include \$50 Billion Defense Reserve Fund for On-going Military Operations:

PROPOSAL	
Committee Budget	YES
RSC	YES

Mandatory Spending Reconciliation, Reserve Funds:

Committee Budget:

- \$4.3 billion “rainy day” fund for non-military emergencies (with enforcement language).
- Reconciliation instruction:

*Savings
Dollars in Millions*

Committee	Five Years
Agriculture	55
Armed Services	175
Education & Workforce	1,323
Financial Services	400
International Affairs	250
Judiciary	500
Transportation	50
Ways and Means	4,000
Total	6,753

RSC:

- Deficit-neutral reserve (“rainy day”) fund for non-military emergency spending and military emergency spending after FY 2007. The rainy day fund is deficit-neutral so that offsets will be found; other rainy day funds (the Committee budget or the Tuesday Group budget) do not require the emergency spending to be paid for.
- Reconciliation instruction:

*Savings
Dollars in Millions*

Committee	First Year	Five Years
Agriculture	2,083	29,116
Armed Services	52	120
Education & Workforce	1,010	7,470
Energy & Commerce	1,125	91,697
Government Reform	140	1,670
Resources	0	6,793
Transportation	32	230
Ways and Means	27,457	221,189
Total	31,867	358,055

Enforcement Provisions:

Committee Budget:

- Restriction on advanced appropriations
- Requires spending designated as an emergency to meet the criteria for emergency spending

RSC:

- Restriction on advanced appropriations
- Turns off the Gephardt Rule which currently allows for an increase in the public debt limit equal to levels set forth in the budget resolution.
- Requires spending designated as an emergency to meet the criteria for emergency spending. This provision is enforced via a point of order, and if the point of order is waived, a point of order lies against the rule waiving the point of order.
- Creates Budget Protection Direct and Discretionary Accounts to allow Members to reduce spending and ensure that it is spent either on deficit reduction or tax relief—and not on increased spending elsewhere in the federal budget.
- Prohibition on using general tax increases to offset new spending in an effort to comply with the Budget Resolution.
- Creates a new supermajority (three-fifths) point of order against new direct spending while exempting any bill to preserve Social Security that may include short-term transition costs.
- Allows for tax cut levels to be increased to take into account the economic feedback from lower taxes based on realistic (dynamic) scoring.

Senses of the House / Congress:

Committee Budget:

- Long-term budgeting
- Closing the tax gap to reduce the deficit

RSC:

- None

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