



U.S. HOUSE OF REPRESENTATIVES

COMMITTEE ON THE BUDGET

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Republican Reconciliation Bills Reflect Wrong Priorities

Overview

Republicans reject a balanced approach to deficit reduction – Democrats and Republicans agree on the importance of reducing the deficit. But we disagree on *how* to do it. The House Republican budget for fiscal year 2013 reflects the Majority's unbalanced approach to deficit reduction: they provide costly additional tax breaks for millionaires while finding savings by ending the Medicare guarantee for seniors, slashing investments that strengthen our economy, and shredding the social safety net. In contrast, House Democrats offered a budget that preserves the Medicare guarantee, helps create more jobs now, makes us stronger through investments that build long-term growth, and reduces the deficit through shared responsibility. Because Republicans reject a balanced approach and refuse to ask millionaires to contribute one cent to deficit reduction, their budget cuts vital services for millions of Americans. This unbalanced approach to deficit reduction – focused only on cutting investments rather than also closing tax loopholes – is the wrong choice for America.

Reconciliation instructions reflect Republican goal of slashing vital services – Now House Republicans are using the fast-track procedures provided under budget reconciliation to hasten passage of some of their budget resolution's priorities. Their resolution included reconciliation directives instructing six authorizing committees to cut spending by \$261 billion over the 2012-2022 periods. Three of the six committees have completed their mark-ups, while the others are scheduled for this week. In early May, the Budget Committee will hold a mark-up to compile these recommendations into one reconciliation bill, and also to mark up legislation replacing the sequester scheduled for 2013 with the savings from the reconciliation bill.

Recommended spending cuts – The process is not yet complete, but committees have already recommended cuts to vital services that will affect Americans in many ways. The cuts include:

- **Eliminating the Social Services Block Grant**, which gives states and localities the flexibility to target funding for essential services. Overall, the Block Grant helps 23 million children, seniors, and disabled Americans become self-sufficient and economically independent. It provides Meals on Wheels and other supportive services for 1.7 million seniors. It helps prevent child abuse and neglect, providing child protective services for 1.8 million at risk children. It supports low-income parents

returning to work by providing child care and related assistance for 4.4 million children. It also provides services for nearly 1 million disabled individuals, including respite care and transportation.

- **Cutting the Supplemental Nutrition Assistance Program, which helps low-income households purchase adequate diets.** The legislation reduces assistance to every single household receiving SNAP benefits almost immediately and cuts 1.8 million people off of food assistance entirely. In addition, nearly three hundred thousand children would lose free school meals, on top of losing the SNAP benefits that provide food for home.
- **Jeopardizing consumers' rights** by eliminating direct spending for the Consumer Financial Protection Bureau and making it subject to appropriations, thereby further violating the discretionary spending caps in the Budget Control Act. This latest attack on the Consumer Bureau would likely lessen consumer protection while adding to the pressure of keeping to a low discretionary spending cap.
- **Repealing the government's authority to shut down large financial firms.** This proposal relies on a budget gimmick to generate savings. It repeals an authority that pays for itself over time; the "savings" exist on paper because CBO estimates only look at the first ten years. The provision will prevent regulators from closing firms in a future crisis, making future bailouts more likely and making it more likely that taxpayers will again be stuck with the bill.

Democrats have offered better, balanced deficit reduction plans – The deep spending cuts coming through the Republican reconciliation instructions and the sequestration of spending scheduled under the Budget Control Act are neither the right nor only ways to reduce the deficit. In fact, Democrats have proposed to achieve *greater* deficit reduction from targeted, balanced policy choices, rather than the slash-and-burn approach taken by an across-the-board sequester or the deep cuts in spending taken by the Republican reconciliation proposals. The President provided Congress with specific policies to reduce the deficit last fall and in his 2013 budget. This spring the House Democratic budget replaced meat-ax spending cuts under sequestration with a combination of mandatory spending cuts and revenues from eliminating tax loopholes and asking millionaires to return to the same top tax rate they paid during the Clinton Administration, a time of strong economic growth and fiscal responsibility.

Reconciliation Directives in the Fiscal Year 2013 Budget Resolution

The Republican budget resolution requires six House Committees to find savings of \$261 billion over fiscal years 2012 through 2022. The cuts are intended to replace \$78.5 billion of the 2013

discretionary spending sequester called for in the Budget Control Act. The table below shows the amount of deficit reduction required of each committee.

Reconciliation in the House Republican Budget			
	Deficit Reduction in Billions		
<u>Committee</u>	<u>2012-2013</u>	<u>2012-2017</u>	<u>2012-2022</u>
Agriculture*	7.710	19.700	33.200
Energy & Commerce	3.750	28.430	96.760
Financial Services*	3.490	16.700	29.800
Judiciary	0.100	11.200	39.700
Oversight & Government Reform	2.200	30.100	78.900
Ways & Means	1.200	23.000	53.000
Gross Reconciliation Savings	18.450	129.130	331.360
Remove overlap	-0.100	-12.800	-69.900
Net Total Reconciliation Savings	18.350	116.330	261.460

*The rule “deeming” the House-passed budget resolution as the concurrent budget resolution shifted \$490 million from Agriculture to Financial Services. The 2012-2013 Agriculture target was originally \$8.2 billion, while the Financial Services target was \$3.0 billion. The 2012-2017 and 2012-2022 amounts, as well as the totals, were not changed.

The Committees on Agriculture, Financial Services, and Ways & Means have completed mark-ups. The Committees on Energy & Commerce, Judiciary, and Oversight & Government Reform are scheduled to mark up this week. We will provide more information when all the committee mark-ups are complete and the recommendations are sent to the Budget Committee, which is likely to hold a mark-up in early May. Under reconciliation, the Budget Committee compiles the recommendations into one reconciliation bill and cannot make any substantive changes. The Budget Committee will also mark up legislation replacing the sequester scheduled for 2013 with the savings from the reconciliation bill, pursuant to instructions also included in the Republican budget resolution.