RSC
Republican Study Committee

Rep. Tom Price (R-GA), M.D., Chairman
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Budget and Spending Task Force
Weekly Report

Congressman Jim Jordan (R-OH), Chairman

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Congress to Consider CR Extension Today

Two months into FY 2011, the Democrat Congress has yet to enact any of the twelve FY 2011 appropriations bills needed to keep the government running beyond this month. Consequently, congressional Democrats will seek to pass this second continuing resolution to keep the federal government running. The Democrats' FY 2011 appropriations plan would lead to a total of $1.121 trillion of non-emergency discretionary spending. This would be the highest level in U.S. history and a $30 billion increase compared to last year.

Table: Domestic Savings Proposed by RSC Continuing Resolution

In Millions of Dollars

Bill	RSC Amendment	Democrat FY 11 Plan	Savings
Agriculture	18,093	23,304	5,211
CJS	51,803	60,536	8,733
Energy and Water	30,888	34,669	3,781
Financial Services	20,599	24,500	3,901
Interior	26,555	32,240	5,685
Labor-HHS	144,841	176,412	31,571
Legislative Branch	3,970	4,656	686
State-Foreign Ops	32,800	53,983	21,183
Transportation-HUD	48,841	67,400	18,559
Total	**378,450**	**477,860**	**99,410**

By contrast, the RSC has proposed a more responsible solution to close out this year's appropriations process (H.J.Res. 96). The RSC continuing resolution provides for a full-year continuing resolution for FY 2011 that protects defense and veterans spending, while returning all other discretionary spending to FY 2008 levels—the amounts in effect prior to this Congress's spending spree. As illustrated above, this saves $99 billion compared to the Democrats' spending plan. For more information on the RSC plan, see here.

Bowles-Simpson Release Deficit Reduction Plan

Erskine Bowles and Alan Simpson, the co-chairs of the President's deficit commission, have released their deficit reduction plan, "A Moment of Truth." The sponsors of the plan project that it will reduce the deficit to 2.3% of GDP by 2015 (compared to a 9.9% of GDP deficit in 2009) and then reach balance by 2035. The plan does so by restraining spending compared to current budget projections, and by allowing federal taxes to increase as a share of GDP. The plan reduces discretionary spending by $1.6 trillion over ten years compared to the CBO baseline. On Social Security, the plan will increase the retirement age to 68 by 2050 and 69 by 2075. For federal workers, the plan proposes a three-year freeze on automatic pay increases, as well as a reduction of 200,000 workers through attrition. The plan largely leaves "Obamacare" in place, but repeals the CLASS Act. Under the plan, taxes would rise from 14.9% of GDP in 2010 to 20.6% of GDP in 2020 to a plateau of 21.0% of GDP. Taxes have averaged 18% of GDP over the past forty years. Federal taxes have never reached 21.0% of GDP in American history. The plan would increase the gasoline tax by 15 cents and subject more income to the payroll tax (instead of the current wage limit, 90% of wages would be covered by the tax). The plan also proposes to reduce individual income and corporate tax rates within the context of overall tax reform.

The President's FY 2011 budget proposed $8.5 trillion of deficit spending over ten years. The President's then-OMB Director, Peter Orszag, admitted that the budget proposal would not work, but offered the excuse that this commission would come up with savings that the President was unwilling to propose in his budget. In effect, the President's commission is the final FY 2011 budget submission by the President. The commission needs 14 of the 18 members of the commission to vote in favor of it for it to be approved. Many Democrats, including Nancy Pelosi, have called it unacceptable.

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