

**Budget Resolution Conference Report Voted on Today**

The FY 2010 budget resolution sets recommended spending, revenue, deficit, and debt levels over the 2009-2014 period, sets reconciliation instructions (to “fast-track” legislation), and establishes the total 302(a) discretionary spending allocation for the Appropriations Committee to divide between its subcommittees. The resolution passed by a vote of 233-193, with no Republican supporters.

**Proposed Revenues, Spending, and Deficits:** The Democrat budget resolution proposes the six largest nominal deficits in U.S. history. The lowest deficit proposed by the budget resolution—the \$523 billion deficit in FY 2014—is \$64 billion or 13.9% greater than the highest deficit in U.S. history (last year’s \$459 billion deficit).

**Table 1: House Democrat Budget Resolution, FY 2009-2014**

*In Billions of Dollars*

Year	Spending	Tax Revenue	Nominal Deficit	Deficit % of GDP
2008 (actual)	2,983	2,524	459	3.2
2009	3,879	2,186	1,693	12.0
2010	3,555	2,322	1,233	8.6
2011	3,569	2,625	944	6.3
2012	3,475	2,856	619	3.9
2013	3,639	3,057	582	3.5
2014	3,821	3,298	523	3.0

**Tax Increases:** S.Con.Res. 13 proposes total tax collections equal to \$14.2 trillion over five years. Compared to a baseline that assumes the extension of the 2001 and 2003 tax cuts and the “AMT patch,” the budget resolution assumes a five-year tax increase of \$423 billion, and ten-year tax increase of \$1.5 trillion.

**Record Spending Levels:** The conference report proposes total federal spending equal to 27.6% of GDP in 2009 and 24.8% of GDP in 2010. These are the highest spending levels in U.S. history, except for World War II. The budget resolution sets a 302(a) discretionary spending allocation equal of \$1.086 trillion for FY 2010 regular appropriations (excluding emergency spending), a 6.2% increase compared to FY 2009.

**Reconciliation Instructions to “Fast Track” Liberal Priorities:**

The budget resolution would allow reconciliation (as long as a deficit target of \$1 billion is met) for legislation under the jurisdiction of the Education and Labor Committee, the Energy and Commerce Committee, and the Ways and Means Committee. The Majority will say that this is intended for health care reform and education reform. However, *any* legislation that meets this deficit target that falls under one of these committees (such as “cap and tax”) would be eligible for reconciliation protection. The budget resolution provides comparable reconciliation instructions for the Senate, which fall on the Senate Finance Committee and the Senate Health, Education, Labor, and Pensions Committee.

**Quote of the Week:** *“I know a lot of people don't like that description, and in some ways, that description that this converts the American Government into a European welfare state government is not a fair description. The reason that that's not a fair description is it's not fair to Europe.”*

**-Representative Paul Ryan**

**Economy Declines by Estimated 6.1% Annual Rate in First Quarter of 2009**

**Today**, the Commerce Department released its preliminary estimate for economic growth in the first quarter of 2009, which shows that the economy shrank by 6.1% on an annual basis—despite a 2.2% increase of consumer spending. Economists expected a drop of about 5%. In the previous quarter, the last quarter of 2008, the economy shrank at a 6.3% annual rate.