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5 on 45: Why the House budget resolution matters?

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CONTRIBUTORS:

ADRIANNA PITA

SARAH A. BINDER

Fellow, Governance Studies

(MUSIC)

PITA: You're listening to 5 on 45 from the Brookings Podcast Network, analysis and commentary from Brookings experts on today's news regarding the Trump administration.

BINDER: I'm Sarah Binder. I'm a senior fellow in Governance Studies here at the Brookings Institution. So, the Republican controlled House today adopted a budget blueprint for Fiscal Year 2018. Better late than never, maybe, the Fiscal Year started a couple of days ago.

So what's a budget resolution, and why should we care about it? A budget resolution is sort of like a New Year's resolution, many people make them every year, but they tend to be a bit more aspirational than enforceable. Personally, I gave up drinking soda four years ago, so no more Diet Coke to keep me going the afternoon, but my willpower is a bit stronger than Congress'.

But, back to the budget resolution. Under the Congressional Budget Act, budget resolutions are blueprints. They're not laws, they don't go to the president for signature, they can't be filibustered in the Senate, and so they allow a majority to lay out its priorities. How much the government will spend, how much revenue it will take in, how big deficits will be, and how much debt the government will carry.

So if it's just a blueprint, why should we care about it? As I'll explain in a moment, adopting the budget is the first step in unlocking a tax bill in the House and Senate that can be passed with just Republican votes. And that tax bill is a top Republican priority. Before we get to the tax bill, let's just take a quick look at the house budget, and then a glance over to the Senate while they're still working on their version of the budget.

So the House budget resolution was adopted 219 to 206 votes. All Democrats were against it, all but 18 Republicans voted in favor of it. And those Republican opponents were scattered across the ideological spectrum. So what's in the budget? The Republican wish list, keep in mind it won't become law, It's aspirational. So what do Republicans aspire to? Well they envision a balanced budget in 10 years, about \$4 trillion or so in tax cuts from reforming Medicare, cutting Medicaid. The budget includes

repealing the Affordable Care Act which Republicans have tried, so far, already, to no avail this year. They envision a major tax bill that doesn't add to the deficit, and they call for \$200 billion in cuts to help pay for the loss in revenue that comes from cutting taxes.

Now on the spending side, the budget is a little more complicated. There's a law on the books called the Budget Control Act of 2011 that said spending caps on defense and non-defense programs for 10 years. If Congress spends more than the caps in either category the law requires automatic cuts to the budget. Imagine like hacking the budget with a meat cleaver. Well, every two years to avoid the meat cleaver, Congress has passed a law to raise the caps. Republicans want to spend more on defense, Democrats want to spend more on domestic priorities. Well the bill comes due again in January, and if the parties can't agree to new caps it's meat cleaver time.

What's that have to do with the budget? Well the House budget assumes that the defense caps will be lifted, but the domestic caps will be lowered. It's just a blueprint, but it will give us the sense of where House Republicans might be coming from if and when the parties in the two chambers, and maybe the White House, sit down to bargain over the caps this fall.

So, the House has adopted a budget, why is that important? Well if Republicans want to pass a bill of tax cuts, and Democrats are opposed to their version of tax cuts, Senate Democrats could just filibuster a tax bill when it comes up in the Senate. But the budget laws allow for what's known as a tax reconciliation bill, a tax bill that can't be filibustered in the Senate, it only takes a majority vote. But for the Senate to avoid a filibuster of a tax bill, and they want to use reconciliation, which avoids the filibuster, the House and Senate first have to agree on a budget resolution. That's why the house adoption of a budget today is so important. It is the first, and the necessary step to unleashing a tax reconciliation bill that can't be filibustered.

So now it's the Senate's turn. The Senate budget is still in the Budget Committee. Republican senators on the committee have a handshake agreement on how to proceed. But it looks a bit different than what the House envisions in their budget and for a tax bill. So the next hurdles to keep an eye on later this month, does the Senate budget committee approve a budget resolution? If so, could it get 50 Republican votes

to adopt the budget resolution on the Senate floor? And if the Senate does adopt its own version, what happens to the budget when the House and Senate go to conference to hammer out a deal? If the House and Senate Republicans can't agree on a budget blueprint, goodbye tax bill. Unless Republicans want to write a tax bill that attracts Democratic votes.

And there's a lot riding on that tax bill. Republicans have come up empty handed so far and all their other priorities and a tax bill will not be easy-peasy, maybe just as hard as repealing Obamacare. Republicans are divided, Democrats so far are opposed, and every day the calendar gets closer and closer to the 2018 elections when Republicans won't want to cast any politically tough votes. So adoption of the budget in the House today is a necessary first step, but the Republicans have a long way to go till they get to the promised land of tax cuts.

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