



Federal Update: Agriculture & Energy Committee and Environment Committee

Updated April 12, 2011

2012 Budget Resolution Heads To House Floor

The U. S. House Budget Committee favorably reported the FY 2012 budget resolution. The legislation, sponsored by Wisconsin Representative Paul Ryan, cleared the committee on a 22-16 vote. Like previous budget resolutions, it is a spending and revenue blueprint for the coming fiscal year and an overall 10-year budget plan. The resolution excludes budget reconciliation instructions. This means that budgeters are relying on substantive committees to produce some of the savings, modify programs, and make changes in enforcement mechanisms and taxes, which are all outlined in the “Path to Prosperity,” a narrative supplement for the budget resolution. Due to the nation’s mounting debt problems, Rep. Ryan’s budget plan aims to diminish the deficit by \$4.4 trillion over the next 10 years and reduce the unemployment rate to 4 percent by 2015.

States could have concerns in this or any other budget resolution that may surface. Rep. Ryan’s budget resolution would reduce domestic, non-security discretionary spending—home to many state-federal programs—to pre-FY 2008 levels and freeze this spending for five years. This would produce double digit percentage reductions for many programs. While few details on implementing proposals in the budget resolution reforms put forth include several changes to programs at USDA. The budget resolution includes a proposed reduction in fixed payments to farmers and a proposal to end the “open-ended nature” of support for crop insurance which the resolution says will save \$30 billion over the next 10 years; however, neither proposal would be implemented until the beginning of the next farm bill. In addition, the FY 2012 budget resolution proposes to convert the Supplemental Nutrition Assistance Program (SNAP) into a state block grant. The proposed changes to SNAP are to be phased in and would not become fully effective until FY 2015. Other more general provisions in the resolution include subjecting all mandatory and entitlement programs to the annual appropriations process rather than giving states predictability (by formula or other factor) of funding for many of these state-federal programs; establishing a universal spending cap, tied to gross domestic product; and imposing sequestration (across-the-board cuts) if the cap is breached in any year. The resolution would also prohibit transfers of general fund money into the highway trust fund, a recent practice that has maintained transportation program funding on which states rely. Other features of the budget plan include consolidation of duplicative programs, continued prohibitions on earmarks, Medicaid and Medicare reform, repeal of federal health care reform, scaled back financial services reform, extension of federal tax cuts, enhancement of domestic energy production, and a 10 percent reduction in the federal workforce.

This budget resolution will get an up or down vote on the House floor the week of April 11 and there will likely be alternatives offered from the Republican Study Committee, the Democratic minority, the congressional Black Caucus and perhaps the Blue Dog Democrats (whose budget principles have already been rejected by the House Budget Committee). While April 15 is the target date for each house to move its budget resolution there is no sign of a Senate budget resolution surfacing let alone being debated and passed in the near future.

An NCSL summary of the House legislation is available at: <http://www.ncsl.org/default.aspx?TabId=22501> and the text of the budget resolution and the “Path to Prosperity” are available at: <http://budget.house.gov/UploadedFiles/PathToProsperityFY2012.pdf>.

FOR MORE INFORMATION, PLEASE CONTACT:

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