

Congress Debates the FY 09 Budget: What's at Stake

March 10, 2008

Last week, the Senate and House Budget Committees approved budgets for FY 09 that reject the deep cuts to domestic spending in [President Bush's budget](#) and make some progress toward meeting the needs of women and their families. The full House and Senate will be voting on these budget plans the week of March 10th.

The congressional budget is an important statement of priorities that helps shape the legislative agenda. However, separate legislation is required to appropriate funds for specific government programs and make the other policy changes called for in the budget.

What will Congress consider in the budget plans?

The budgets approved by the House and Senate Budget Committees both:

- Provide increased funding for domestic discretionary programs, such as child care, Head Start, education, housing and energy assistance, and health services. The overall increase is modestly above inflation: a step forward, but not enough to make up for all the freezes and cuts of the last few years or meet the increase in need during this downturn. The Appropriations Committees will decide how to allocate the funds, but it is significant that the Senate budget discusses a \$440 million increase in funding for child care and a \$447 million increase in Head Start.
- Authorize increased funding, to be paid for with new revenues or savings, to restore cuts to child support enforcement; reform the unemployment insurance system to increase coverage for women; put a moratorium on Medicaid regulations that would reduce eligibility and health care benefits; expand the State Children's Health Insurance Program; and address other important needs.
- Allow for some tax cuts, such as another temporary adjustment to the Alternative Minimum Tax, but retain pay-as-you-go budget rules that require new tax cuts, as well as new spending, to be paid for.

The Senate budget allows for up to \$35 billion for a second stimulus package, which could include housing relief, increased unemployment insurance, Food Stamps, and energy assistance; state fiscal relief that could help offset state budget cuts in Medicaid and other important services, and "ready-to-go" infrastructure projects such as school repair.

What Happens Next?

The full House is expected to vote on the budget on Wednesday or Thursday. There will not be votes on individual amendments, just on full substitutes. The House Republican leadership is expected to offer a budget that resembles the President's.

The Senate will consider amendments before it votes on final passage at the end of the week.

- Senator Max Baucus (D-MT) is expected to offer an amendment similar to one he offered last year that passed 97-1. The Baucus amendment would allow for renewal of some of the Bush tax cuts which expire at the end of 2010, using the surplus assumed in the Senate Budget Committee plan.
- There are likely to be other amendments to allow for even more tax cuts that would not be paid for and would overwhelmingly benefit the wealthiest households, including amendments to repeal or drastically reduce the estate tax and make *all* of the Bush tax cuts permanent.
- Senator Bernie Sanders (I-VT) is expected to offer an amendment to increase investments in programs for children and low-income families. They would be fully paid for by restoring the top tax bracket for households with income above \$1 million to its pre-Bush-tax-cut level of 39.6%. This change would promote tax fairness and raise \$32.5 billion over three years to increase funding for Head Start, child care, education for children with disabilities, Food Stamps, energy assistance, and school repairs—with \$3 billion left for deficit reduction.