The Ryan-Republican Budget: The Consequences Of Imbalance

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THE RYAN-REPUBLICAN BUDGET: THE CONSEQUENCES OF IMBALANCE

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Yesterday, House Republicans released their budget resolution for FY 2013. While many of the proposals require more analysis, one thing is absolutely clear: this budget does not ask all Americans to do their share to get our fiscal house in order and create an economy that is built to last. Instead, the GOP plan gives those making over $1 million per year an average tax cut of at least $150,000 and preserves tax breaks for oil and gas companies and hedge fund managers. These tax breaks are then paid for by ending Medicare as we know it and implementing deep cuts in what we need to grow our economy and create jobs in years to come.

Others will go into deep detail on the tax and health proposals in the budget resolution. I want to focus on funding known as "nondefense discretionary spending." It deserves a better name. This is annual funding that pays for many of the investments most critical to expanding economic growth and opportunity, including education, research and development, and clean energy.

With his strong focus on cutting waste and unneeded spending, the President has already signed into law several rounds of cuts that will bring non- security spending to its lowest level as a share of the economy since Dwight Eisenhower was President. Put another way, we are

cutting this category of spending as a share of economy by 50 percent from 2010 to 2022.

But when it comes to annual, non-defense spending, the House Budget Resolution is not about cutting fat. It is cutting deep into the muscle that America needs to compete and win in the 21st century.

On top of the roughly $1 trillion in cuts in the Budget Control Act, it would be difficult to overstate the radicalism of the domestic cuts proposed by the House budget resolution. In 2013, it would cut annual non- defense funding by 5 percent. By 2014, the resolution would cut this funding by 19 percent in purely nominal terms. Over a decade, the resolution would cut over $1 trillion in non-defense spending on top of the reductions the President has already signed into law. The cuts in non- defense discretionary funding are nearly three times as deep as the cuts under the so-called sequester - cuts that we and most objective analysts have always regarded as an unwise and unacceptable.

What would it all mean? The Budget doesn't say. In fact, the Budget resolution includes a magic asterisk - or, in more technical parlance, an "allowance"- for $897 billion in unspecified cuts. But what could the resolution mean? Since the House has refused to specify what would be cut, we consider the impacts if the cuts are distributed equally across the Budget. The result would be that:

* The Department of Education would be cut by more than $115 billion over a decade. 9.6 million students would see their Pell Grants fall by more than $1000 in 2014, and, over the next decade, over one million students would lose support altogether. This would derail

bipartisan education reforms and deeply undermine K-12 education and college opportunity.

* Clean energy programs would be cut by 19 percent over the next decade, derailing efforts to put a million electric vehicles on the road by 2015, retrofit residential homes to save energy and consumers money, and make the commercial building sector 20 percent more efficient by 2022.

* Investments in science, medical research, space, and technology would be cut by more than $100 billion over the next decade. The number of new grants from NIH for promising research projects would shrink by more than 1,600 in 2014 and by over 16,000 over a decade, potentially curtailing or slowing research to fight Alzheimer's disease, cancer, and AIDS. The National Science Foundation would cut over 11,000 grants over the next decade, eliminating support for over 13,000 researchers, students, and teachers in 2014 alone.

* Roughly two million slots in Head Start would be eliminated over the next decade - cutting 200,000 children from the program in 2014 alone.

In significantly reducing investments in the future, the House budget resolution also violates our obligations in the present. Presidents of both parties have long committed to fully funding assistance through the Women, Infants, and Children (WIC) program for pregnant women, newborns, and young children so that they have access to healthy food. If the cuts in this budget were distributed equally, then about 1.8 million women, infants, and children would be off this

program in 2014. Similarly, by 2014 more than 400,000 low-income families would lose critically important housing vouchers.

The resolution would also make it extraordinarily difficult for government to do the basic business that people rightly expect of it. Evenly allocated cuts would mean deep reductions in the Federal Aviation Administration, leading to the elimination of air traffic control services in parts of the country. In 2014, there will be more than 4,500 fewer federal agents at the Department of Justice and the FBI to combat violent crime, pursue financial crimes, help secure the southwest border, and ensure national security, resulting in over 160,000 fewer criminal cases that can be prosecuted over the next decade. Starting in 2014 and continuing thereafter, hundreds of national parks would have to shut down for parts of the year. In 2014, more than 100,000 fewer workplace inspections to protect worker safety would occur. Basic enforcement of clean air and water laws would erode dramatically, with harmful effects on the health and well-being of the American people. We would not meet basic standards for food safety, putting the food we eat and serve our kids at risk. And our ability to efficiently administer core programs like Medicare and Social Security would be undermined; wait times would increase dramatically.

Keep in mind: cuts of this magnitude are needed in order to give the few Americans who make more than $1 million a year an average tax cut of at least $150,000.

It doesn't have to be this way. We can cut the deficit and have an

economy built to last through balanced deficit reduction that asks all Americans to shoulder their responsibility, cuts spending, and invests in areas critical to job creation and growth. While we differ on the specifics, this is the approach of the Bowles-Simpson Commission, the Gang of the Six, and the President. We look forward to working with those across the political spectrum who share this belief that we are all in this together and all of us have a responsibility to do our part.

Jeff Zients is the Acting Director of the Office of Management and Budget.

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