

Week One Overview and Questions

Overview: President Obama sent a 1,500-page \$3.6 trillion budget for fiscal 2010 to Congress. The budget is a detail-spending plan that follows the broader budget blueprint approved by Congress last month. Now the 12 House and 12 Senate appropriations subcommittees will begin work in reviewing Obama's proposed spending plan. Typically, legislators accept most of the president's budget, making small changes in programs and priorities. Early reaction suggests that some of the program reductions that Obama has included will not be acceptable. For example, the intent to phase out subsidy payments to farmers with over \$500,000 sales probably will not receive congressional support. The budget includes increased expenditures in a variety of programs, especially those aimed at helping low income people and improving their neighborhoods. Additional money will be spent to add police, Occupational Health and Safety Administration (OSHA) inspectors, and Internal Revenue Service (IRS) agents. Included in the budget is a savings of \$17 billion from cuts in 121 programs, a figure rather small in a \$3.6 trillion budget. Although revised budget deficit figures will not be presented until next week, the February forecast projects a deficit of \$1.8 trillion for fiscal 2009 and \$1.2 trillion in fiscal year 2010. Much of the deficit stems from entitlement programs, Wall Street bailout costs, and payments on the debt, all of which account for 60% of the budget. A number of programs of President Bush are altered or eliminated in the Obama budget. Unlike Bush's program that promoted only sexual abstinence, the Obama plan includes a teenage pregnancy prevention program that would discuss contraception. Obama's budget would end efforts to build new nuclear warheads and halt plans to build the controversial nuclear waste dump at Yucca Mountain.

Jonathan Weisman's article on President Obama's first budget provides a good starting point in discussing the role of the president in the budget process, including how it changed with the Budget and Accounting Act of 1921, and the congressional budget process. Concerning the latter, the different roles played by the budget committees, appropriations committees and their subcommittees, the tax committees (Senate Finance and House Ways and Means), and the Congressional Budget Office (CBO) can be explained in your responses. The budget process from the beginning review of the Concurrent Budget Resolution, through the appropriation bills, and then the reconciliation bill can be discussed by you in detail. Why the process was changed in the 1970s may be an instructive issue as well, focusing on how Congress tried to get an overview of the budget to determine priorities and control the deficit. You can also discuss problems that you see in the current process, which many times have resulted in the need to pass continuing resolutions and ultimately an omnibus budget. As part of this discussion, you can discuss economist Alice Rivlin's comment that "The problem is not the process. The problem is the problem." An explanation of the currently pushed "paygo" rule also would be useful. Lastly, you can compare the direction of President Obama's budget with that of President Bush's, explicating the change in priorities and assessing how they fit in with Obama's political support. Keep in mind that [The Economist](#) is published in the UK and not the US; as a result that journal looks at our system of government and politics from outside the so-called box. In other words, it is much more penetrating than the typical perfunctory analysis than one finds when reading [Time](#), [Newsweek](#), or any other American weekly news magazine for that matter. IMHO, it is simply the best weekly published. Period.

Questions:

1. Congress has passed the Concurrent Budget Resolution. Now President Obama has submitted his proposed budget that will be considered as part of the appropriations process. Contrast the purposes of the two budget documents.
2. As part of the budget, President Obama is pressing for the acceptance of "paygo" rules by Congress. Define paygo rules and explain their purpose. Why have some in Congress opposed their inclusion?
3. Parts of the budget are often referred to as "uncontrollables". What are uncontrollables and

how do they differ from discretionary spending? Are there any ways to actually control their spending?

4. Draw an outline (in paragraph form) of the budget process from the initial consideration of the Concurrent Budget Resolution to the signing by the president of the appropriation bills.

5. Discuss problems that you see in the current budget process. Do you see these to be problems related to the budget process or political problems that affect what happens? What changes can you suggest in the budget process?

6. Often you hear if the states are required to have a balance budget, so should the national government. However, there are flaws in this idea. Discuss several. In addition and in light of the California article posted in the Week One folder from [The Economist](#), how do you think this would impact the issues that this state is trying to cope with at the present time?

7. Some commentators write that Social Security needs to be reformed because it adds to the deficit. Do you see anything wrong with this statement in terms of President Obama's budget? What about the issue of health care? Some commentators maintain that this will prove the most difficult budgetary challenge that the current administration will face. What do you think about this statement and why? Be sure that you read [The Economist](#) article entitled ***The Federal Budget*** before responding to this question.