Derek Wallbank, *MinnPost*

WASHINGTON — House Republicans today unveiled a budget plan of their own, cutting an estimated $6.2 trillion from President Obama's baseline budget by dramatically overhauling Medicare, Medicaid and imposing steep cuts on discretionary, non-defense spending.

The plan represents arguably the most aggressive cost-cutting measure proposed by a member of either party's leadership in recent years, though it would still not bring about a balanced budget in the near future. Overall, Ryan estimates his plan would cut deficits by $4.4 trillion over the next 10 years, though those numbers are a point of no small contention.

Rejection and glee from Democrats

Among Democrats, Budget Chairman Paul Ryan's plan was received with a mix of rejection and glee, as Democrats blasted parts of it as unworkable or untenable, while their campaign arms quickly went about painting Ryan's plan as a liability for anyone who might support it.

Ryan, a telegenic Republican from Wisconsin often mentioned as a possible vice presidential pick in 2012 or presidential contender in 2016, unveiled his draft budget this morning to widespread acclaim on the right side of the aisle.

His plan includes:

* Converting Medicaid into a block-grant-style program run by the states;

* Converting Medicare into a voucher program, where seniors could shop on an insurance exchange. Vouchers would be capped at 1 percent above inflation, though health-care costs are rising faster than that;

* Consolidating personal-income-tax brackets into just three, and lowering the top rate, while eliminating many exemptions. Business taxes would be lowered to 25 percent from 35 percent as well;

* Embracing Defense cuts suggested by Defense Secretary Robert Gates, but largely omitting the Defense budget from further cuts;

* Slashing $1.8 trillion in non-Medicare, non-Social Security mandatory spending. Though the Ryan plan was not specific on this, examples of this type of spending include food-stamp programs and agricultural subsidies.

* Reducing discretionary spending to 2008 levels or before, a goal which has been routinely cited by Republicans on Capitol Hill.

Pawlenty says Ryan offers 'real leadership'

Tim Pawlenty was the first Republican presidential hopeful out of the gate to comment on Ryan's plan, and in a statement he lauded Ryan.

"Thanks to Paul Ryan in Congress, the American people finally have someone offering real leadership in Washington," Pawlenty said. His statement offered little on the substance of Ryan's plan, instead saying it would be "debated for several months to come" and then launching into an attack on the idea of raising the nation's debt ceiling.

Pawlenty's praise was consistent with comments by much of the potential GOP field. Mitt Romney said he's "on the same page" as Ryan, Rick Santorum hailed Ryan's plan for Medicare, and Sarah Palin called it "serious and necessary," a "good start."

On the substance of the Ryan plan, Minnesota Rep. John Kline, chairman of the House Education and the Workforce Committee, backed the GOP budget as one that would "restore economic certainty and put our nation back on the path to prosperity."

"Today, House Republicans are unveiling a tough, responsible budget that will help America's job creators put our nation back to work, secure America's future by stopping Washington from spending money it doesn't have, and preserve benefits for today's seniors while strengthening the safety net for our children and grandchildren," Kline said in a statement.

Three brackets in proposed tax code

Ryan's plan streamlines the tax code into three brackets, reducing the top one from 35 percent to 25 percent. That's paid for through eliminating "loopholes" and several exemptions, though the scope of the changes was not apparent in his initial draft.

"All options need to be on the table for what to do, including revenues," said Rep. Betty McCollum, a Democrat, who said she's still reading over the details.

While it was tough to find a Democrat on Capitol Hill willing to embrace the Ryan draft, Dems here gave him some measure of credit for even bringing up entitlement reform.

Connecticut Sen. Joe Lieberman, for one, lauded Ryan "for having the courage not just to talk frankly about the danger America's national debt poses to the American people but also to propose a comprehensive program to cut the national debt. One does not have to agree with all or most of Chairman Ryan's proposals to be able to applaud his serious commitment to reduce the debt that threatens our nation's future."

That having been said, many on the left wonder how serious a plan is that contains a number of obvious non-starters, such as repealing health reform.

McCollum won't agree to health-reform repeal

"I think Mr. Ryan has given us something to sit down and talk about," McCollum said. "Now, does that mean that there are maybe some small parts of his budget I can agree with? Absolutely.

"But repealing health-care reform is not something I can agree to and I think he knows that the president won't sign it, and I think he knows where Democrats in the Senate are as well, so I wish he wouldn't have done that."

As McCollum notes, the realistic scope of Ryan's plan is likely far less than his initial proposal, because large parts of the plan are flatly unpalatable to Democrats who control the Senate, and to the Obama White House.

Consider his idea of converting Medicaid into a block-grant-style program, giving almost full operational control to the states to implement the program, while bearing responsibility for any cost overages. The change is estimated to save the federal government some $735 billion over 10 years.

Letter from 17 Democratic governors

Gov. Mark Dayton was among Democratic governors who wrote Monday that such a move would be a cost shift to the states, not a true, realized savings.

"States would be forced to bear all costs after hitting the annual cap just as the 'baby boom' generation is entering their retirement years with a likely steep increase in their health care and long term care costs over the next few decades," the group of 17 Democratic governors wrote to congressional leaders.

"The ensuing funding shortfall would leave states with an untenable choice between increasing

taxes, cutting other state programs or cutting eligibility, benefits or provider payments."

Ryan's budget contains a number of similar non-starters, perhaps the most obvious being a complete repeal of the health-reform law.

That's also where some of the numbers get a little, well, curious. According to National Journal, the Ryan budget estimates a $1.4 trillion savings from eliminating the health-care law over the next 10 years.

That seems to assume that the entire cost of the law will come off the federal books, which is an analysis so far unshared by non-partisan economists. The non-partisan Congressional Budget Office for one, whose job it is to score the financial impact of legislation as written, has ruled that the health-reform law will cut the deficit by $230 billion over 10 years – a conclusion $1.63 trillion off from what Ryan has come to.

Opposition on Medicare will invite comparisons

Ryan's Medicare plan is a little harder to gauge though, in terms of potential opposition – because to do so is to invite nasty comparisons to their recent records for both Republicans and Democrats.

First off, nothing would change for those aged 55 and older. For those under 55, Ryan changes Medicare into a voucher-style program where seniors shop for their own insurance on an exchange – it's an oversimplification here, but essentially converting Medicare into the health reform law's insurance exchange system.

"What's odd about the right's embrace of Ryan-Rivlin is that the plan basically turns Medicare into the Affordable Care Act," wrote Ezra Klein, a left-of-center columnist for the Washington Post, after talking with the plan's co-author, Alice Rivlin. Rivlin was director of the Office of Management and Budget under President Clinton and is a major supporter of the health-reform law.

Writes Klein:

"It's the same idea — regulated exchanges offering certified insurance products populated by subsidized buyers. If Ryan-Rivlin will unleash ferocious innovation that holds costs down, then so too should the Affordable Care Act. So at the end of our conversation, I asked Rivlin, who supported PPACA, if I was missing something. She laughed. 'I keep talking to Paul and trying to convince him of that,' she said. 'But even if he agreed with me, he couldn't say so.'"

A question of logic

So how is the health-reform law terrible for most Americans, but OK for seniors? And given that many Republicans ran ads in the last election hammering Democrats for a section of the health reform that aimed to streamline Medicare while still preserving it, how do they then pivot to embrace a wholesale rewrite of the product now?

The Democratic Congressional Campaign Committee, by the way, already has a press release out blasting dozens of Republicans on just that charge.

"For last November's elections, Republican candidates, the NRCC, and their allies ran millions of dollars in campaign ads arguing that "massive cuts to Medicare" were unacceptable," the DCCC memo notes. "Today, the House Republicans budget goes much farther than common sense cuts to waste, fraud, and abuse. ... Republicans actually want to end Medicare as we know it."

Of course, Ryan's Medicare switch is a bit tricky for Democrats to oppose, too, especially if they supported the health-reform law in the first place. Using that same logic, how is it that the health-reform law is OK for young and middle-aged adults, but bad policy for seniors?

The mind boggles.