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July 15, 2010

Democrats Have a Budget Plan

Taking Important Steps to Restore Fiscal Responsibility – On July 1, the House of Representatives passed a Budget Enforcement Resolution (BER) for fiscal year 2011 that limits next year's appropriations bills to a level $7 billion below the comparable amount requested by the President. Earlier this year, Democrats enacted statutory pay-as-you-go (PAYGO) legislation, reinstating the kinds of budget checks and balances that were in place during the 1990s and that helped turn deficits into surpluses. In addition, the President has appointed a bipartisan Fiscal Commission to recommend longer term deficit reduction, with the goal of reaching primary balance (exclusive of net interest costs) by 2015 and stabilizing our debt-to GDP-ratio when the economy has had time to recover from the recession. Contrary to Republican claims, the BER combined with the other elements now in place provides meaningful budgetary discipline – something that Republicans failed to do when they were in charge.

Discretionary Spending Level for 2011 – The resolution limits regular discretionary spending for 2011, providing a level that is $7 billion below the comparable amount requested by the President and $3 billion below the level passed by the Senate Budget Committee. Establishing this discretionary total – the 302(a) allocation – allows the 2011 appropriations process to move forward with enforceable limits.

Strengthening Pay-As-You-Go – The BER aligns the House PAYGO rule and the statutory PAYGO law. For example, until passage of the BER, compliance with the House PAYGO rule and the statutory PAYGO rule was measured over different time frames. Synchronizing the two sets of PAYGO rules makes PAYGO enforcement more consistent and simpler – thus facilitating the movement of deficit-neutral legislation.

Policy of Deficit Reduction – It is counterproductive to try to balance the budget before the economic recovery is complete, but it is important to be sure that as the economy recovers the budget will too. The budget enforcement resolution therefore establishes a medium-term deficit reduction target – the budget should be in balance excluding net interest costs by 2015. The resolution also establishes that the debt-to-GDP ratio should be stabilized once the economy recovers. The resolution also provides that the House will vote on any Senate-passed recommendations of the Fiscal Commission, and that net savings from any Commission recommendations will go only to deficit reduction. The resolution also requires House committees to identify additional reforms to eliminate waste, duplication, and inefficiencies within their jurisdiction by September 15 of this year.

Next Steps on the Budget Await President's Fiscal Commission – It's premature to pass a long-term budget now, only to modify it based on proposals from the bipartisan Fiscal Commission later this year. The combination of statutory PAYGO that limits mandatory spending and revenues, and responsible discretionary limits in the BER, provides discipline for the near term while the Fiscal Commission completes its task addressing the longer term budget picture.

Republicans Dismal Record on Fiscal Responsibility

No Rules, No Plan, No Discipline – In 1998, 2002, 2004, and 2006 – all years that Republicans controlled the House – Congress failed to approve a budget conference agreement, and without any fiscal commission or other process in place to address our long-term fiscal challenges. In 2002, Vice President Cheney reportedly told then-Secretary of the Treasury Paul O'Neill that "deficits don't matter" when Secretary O'Neill warned of a looming fiscal crisis. Indeed, President Bush inherited a $5.6 trillion ten-year surplus and quickly turned that into record deficits for as far as the eye could see – leaving the incoming Administration and this Congress with a deficit of $1.3 trillion for 2009 alone. Meanwhile, the previous Administration and Congresses allowed the PAYGO law that had been so effective in the 1990s to expire, further weakening fiscal discipline.

They Want a Budget That Raises Taxes on Most Americans While Imposing Deep Cuts to Critical Services – While Democrats are taking responsible steps to address our budget situation, the Minority has introduced a budget plan (the Ryan Roadmap) that would raise taxes on 90 percent of Americans while cutting taxes for the wealthy, and would dramatically reduce spending with cuts to Social Security, Medicare, Medicaid, and other government services. Indeed, the Ryan Roadmap partially privatizes Social Security and cuts benefits, replaces Medicare with a voucher, cuts Medicaid, and eliminates the Children's Health Insurance Program.

Conclusion

Democrats Have Been Responsibly Budgeting – The 111th Congress reinstated statutory PAYGO, which had been allowed to lapse in 2002. The Congress enacted landmark health care reform legislation that will reduce the deficit by $143 billion over the next ten years, and by $1.2 trillion more over the following decade. In contrast, when Republicans enacted their prescription drug bill in 2003, they didn't offset the enormous cost, which instead added directly to the growing federal budget deficit. This year the Majority enacted a reconciliation bill that further cut spending, in contrast to when the Minority repeatedly used the reconciliation process when they controlled Congress to pass legislation that made the budget deficit dramatically worse, not better. For example, reconciliation bills enacted in 2006 added $31 billion to the deficit over five years, and the 2001 and 2003 Bush tax cuts added $1.6 trillion to the deficit over ten years.

The Budget Plan – Together with the statutory PAYGO bill signed into law this year, the Budget Enforcement Resolution provides a budget plan for the near term while Congress awaits recommendations from the President's bipartisan Fiscal Commission for options to address the long-term budget situation.