



COMMITTEE FOR A RESPONSIBLE FEDERAL BUDGET

July 17, 2017

CHAIRMEN

MITCH DANIELS
LEON PANETTA
TIM PENNY

The Honorable Charlie Dent
2082 Rayburn House Office Building
Washington, DC 20515

The Honorable Elise Stefanik
318 Cannon House Office Building
Washington, DC 20515

PRESIDENT

MAYA MACGUINEAS

Dear Representatives Dent and Stefanik,

DIRECTORS

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I am writing to encourage you to support reconciliation instructions for significant mandatory savings as well as fiscally responsible tax reform in the Fiscal Year 2018 budget resolution.

Some have argued that mandatory savings of \$200 billion over 10 years is too politically difficult to achieve. If that were true, it would be a dire sign for the fiscal health of our country. The proposed \$200 billion in savings is less than one-fiftieth of the \$10.9 trillion the Congressional Budget Office (CBO) projects we will add to the debt over the next decade if lawmakers do not act.

Previous budget resolutions have assumed several trillion dollars of mandatory savings to achieve balance. Reconciliation instructions requiring a small down payment toward the savings assumed in the budget are essential to the credibility of the budget. In addition, there are many reasonable policy options available to authorizing committees to meet instructions for mandatory savings. We have identified \$200 billion in policies from Trump's budget that were part of Obama's budget, as well as another \$75 billion from earlier Obama budgets. We have also found significant savings from Medicare reforms that save money without reducing benefits (see attachments).

It is imperative that Congress take action to start controlling the growth of mandatory spending to deal with the growing debt and reduce the pressure to cut discretionary spending further. CBO projects deficits will grow dramatically over the next decade, exceeding \$1 trillion by 2022 and reaching \$1.5 trillion in 2027, primarily because mandatory spending growth outpaces revenues. Mandatory spending is projected to grow by 70 percent over the next decade, from \$2.5 trillion in 2017 to \$4.3 trillion in 2027.

By contrast, discretionary spending has already been cut significantly under sequestration and is projected to fall to 5.4 percent of Gross Domestic Product, its lowest level in modern history. Discretionary spending is effectively being squeezed out by the growth of mandatory spending, as the failure of Congress to take action to reduce the growth of mandatory spending results in increasing pressure to cut discretionary spending.



We agree there is a need for a budget agreement that deals with discretionary caps in a responsible way by partially reversing the reductions imposed by sequestration with permanent savings. Reconciliation instructions for mandatory savings could facilitate an agreement dealing with sequestration and the debt limit through regular order. The committees of jurisdiction would produce policies to achieve mandatory offsets that could accompany an increase in discretionary spending limits and the debt limit.

Finally, in order to ensure that mandatory savings go to deficit reduction, the budget resolution must not allow tax reform to reduce revenues below the levels projected under current law. The budget resolution should not facilitate an increase in the deficit through reconciliation instructions for a reduction in revenues or use of a current policy baseline for tax reform.

We look forward to working with you to enact responsible fiscal policies, beginning with the adoption of a fiscally responsible budget resolution.

Sincerely,

Maya MacGuineas
President, Committee for a Responsible Federal Budget

Enclosure:

[How Much Overlap is There Between the Trump and Obama Budgets?](#)
[How Committees Could Meet Reconciliation Instructions for Mandatory Savings](#)
[How to Reduce Medicare Spending Without Cutting Benefits](#)

CC:

Chris Collins	Adam Kinzinger
Barbara Comstock	Leonard Lance
Ryan Costello	Frank LoBiondo
Carlos Curbelo	Patrick Meehan
Dan Donovan	Tom Reed
Brian Fitzpatrick	Ileana Ros-Lehtinen
Jeff Fortenberry	Glenn Thompson
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