



**COMMITTEE FOR A
RESPONSIBLE FEDERAL BUDGET**

B R I E F I N G B O O K

For a fiscally responsible 117th Congress

January 13, 2021
(Updated April 7, 2021)

January 13, 2021

Dear Senators and Representatives,

Welcome to the 117th Congress! While these times are challenging, they also present opportunities to advance better policies and new ideas.

The Committee for a Responsible Federal Budget is ready and able to work with you to improve our long-term budget outlook, repair the budget process, responsibly pay for new initiatives, and much more. We are a truly bipartisan organization with staff and board members with backgrounds in both major parties, as well as a number of independents.

This briefing book provides information about the federal government's budget situation and shows how you and your staff can make a positive impact. Our website – www.crfb.org – offers resources on a wide variety of budget-related topics, like fiscal stimulus, budget targets, enforcement, entitlement reform, and spending and revenue options. Our government affairs-team – Kurt Couchman (couchman@crfb.org) and Adam Shifriss (shifriss@crfb.org) – can help you and your staff locate information, provide technical assistance on legislation or connect with experts who can, and otherwise support your efforts to improve federal budgeting.

We want you to succeed as an effective fiscal steward, and we are happy to support sound policymaking. Every two years, we recognize as [Fiscal Heroes](#) members who have done the most to show courage in voting for responsible legislation or against irresponsible legislation, as well as members who lead and support deficit reduction, mandatory spending and revenue reforms, budget process improvements, and other policies to promote fiscal responsibility.

In addition, our forthcoming Debt Audit will track how much each member of Congress adds to the debt through votes on major deficit-increasing legislation that becomes law. We evaluate both spending and revenue measures against the current law baseline. Both tax cuts and spending increases add to the score.

Several other projects should be useful to your work. For example, [FixUS](#) addresses political dysfunction, and the [Health Savers Initiative](#) aims to produce ready-to-implement policy proposals for reducing health costs.

Please let us know how we can help. We wish you a successful and responsible 117th Congress.

Sincerely,

A handwritten signature in dark ink, appearing to read "Maya MacGuineas". The signature is fluid and cursive, with a large initial "M" and a stylized "G" at the end.

Maya MacGuineas
President, Committee for a Responsible Federal Budget

Debt Issues at a Glance

Controlling the Debt Matters

- Interest costs crowd out other budget priorities. Interest payments are projected to cost \$4.8 trillion over the next decade, or about \$37,100 per household
- Public borrowing can reduce private investment and income growth
- High debt can increase consumer, business, and public sector interest rates
- Excessive debt leaves us vulnerable to:
 - Higher interest rates: 1 percentage point adds \$3.4 trillion to debt over 10 years
 - Reduced demand for U.S. currency: If other countries diversify official reserves
 - Challenges to America's geopolitical position: For example, China may have leverage from owning more than \$1 trillion of U.S. Treasury securities
 - Fiscal crisis: Unfolding rapidly with little warning would force big policy changes

What You Can Do

- Make dealing with the long-term debt a policy priority
- Develop your own legislation, rules reforms, and other projects (our staff can help)
- Commit that outside of emergency spending for the pandemic, the weak economy, or other emergencies, you will not support adding to near-term debt
- Support other members' responsible budget initiatives (legislation, letters, etc.)
- Fixing the debt will take bipartisan cooperation—build those relationships
- Ask your committee chairs to preside over responsible legislation and hearings
- Raise issue in conference, caucus, and committee meetings and develop action plans
- Give floor speeches, discuss in the media, and educate your constituents about the importance of the issue
- Participate in our Budget Bootcamp (contact Kurt Couchman at couchman@crfb.org or Adam Shifriss at shifriss@crfb.org to arrange)
- Work through the Debt Fixer exercise yourself and/or with staff to become more familiar with the debt challenge and options
- Host a Debt Fixer town hall with constituents in your district/state

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About Us

The Committee for a Responsible Federal Budget is a non-partisan, non-profit organization committed to educating the public on issues with significant fiscal policy impact.

Our bipartisan leadership comprises some of the nation's leading budget experts, including many past heads of the House and Senate Budget Committees, the Congressional Budget Office, the Office of Management and Budget, the Government Accountability Office, and the Federal Reserve Board.

As an independent source of objective policy analysis, we regularly engage policymakers of both parties and help them develop and analyze proposals to improve the country's fiscal and economic condition.

These efforts have reinforced the Committee's role as an authoritative voice for fiscal responsibility and an educational resource for policymakers and the general public. It is also a trusted budget watchdog that assists journalists across the country in understanding fiscal developments in Washington.

Board Co-Chairs

Mitch Daniels: Purdue University president, former Indiana governor, OMB director

Leon Panetta: Former Secretary of Defense, CIA Director, White House Chief of Staff, OMB director, and House Budget Committee chair

Tim Penny: Southern Minnesota Initiative Foundation president, former U.S. Representative, Democratic Budget Group chair, Porkbusters Coalition chair

President

Maya MacGuineas: A leading budget expert and a political independent, she works closely with members of both parties and serves as a trusted resource on Capitol Hill

Board of Directors

Barry Anderson, Erskine Bowles, Charles Bowsher, Kent Conrad, Dan Crippen, Vic Fazio, Willis Gradison, Jane Harman, William Hoagland, Jim Jones, Lou Kerr, Jim Kolbe, Marjorie Margolies, Dave McCurdy, James McIntyre, Jr., David Minge, June O'Neill, Marne Obernauer, Jr., Rudolph Penner, Robert Reischauer, Charles Robb, Alan K. Simpson, John Spratt, Charlie Stenholm, Gene Steuerle, David Stockman, John Tanner, Tom Tauke, Carol Cox Wait

Projects from the Committee for a Responsible Federal Budget

Better Budget Process Initiative: Concrete ideas to reform and improve the way the budget is developed, including placing greater focus on the long-term fiscal outlook, dealing with the debt limit, strengthening statutory budget enforcement, revising the content and structure of the Congressional budget resolution, biennial budgeting, and addressing the treatment of tax expenditures.

COVID Money Tracker: Explore the data and track the trillions of dollars of federal spending, tax cuts, loans, grants, and subsidies authorized and disbursed in the wake of the coronavirus pandemic and economic crisis.

FixUS: Americans united in a shared belief that overcoming our divisions and fixing our system are our highest priorities.

Health Savers Initiative: A collaborative project of the Committee for a Responsible Federal Budget, Arnold Ventures, and the West Health Policy Center which works to identify bold and concrete policy proposals to make health care more affordable for the federal government, businesses, and households.

Budgeting for the Next Generation: Evaluating federal programs for children and assessing their prominence in the federal budget and the budget process.

McCrery-Pomeroy SSDI Solutions Initiative: Dedicated to identifying practical policy changes to improve the Social Security Disability Insurance (SSDI) program and other policies for people with disabilities.

Trust Fund Solutions: Developing options, illustrative proposals, and frameworks to resolve chronic imbalances in major trust fund programs and to modernize them for current and future generations. This project focuses on Social Security's Old Age and Survivors Insurance, Disability Insurance, the Highway Trust Fund, and especially Medicare's trust funds.

Capitalism, Technology, & the Economy: Capitalism is under pressure as widening income inequality, declining mobility, and fiscal unsustainability are giving rise to questions about our economic system. At the same time, new technology business models, along with big data and artificial intelligence, are creating conditions that will challenge capitalism further.

Budget Boot Camps and Interactive Tools: Our mission includes educating members of Congress and staff on the budget process, fiscal legislation, options for reducing the deficit, and other reforms. We offer "budget boot camps" tailored to the interests of members and staff on request as well as ad hoc advice and assistance. We also provide interactive tools to illustrate options and tradeoffs (see page 27).

Upcoming Congressional Deadlines/Opportunities

2021: First Session, 117th Congress

- First days of January: House Rules package
- January: Senate Rules; Committee rules at organizing conferences
- Any time: Ad hoc amendments to chamber/conference/caucus rules
- Late January: CBO's Budget and Economic Outlook
- March: GAO's Fiscal Health report
- April/May: President's Budget for FY 2022; National Security Strategy; Medicare solvency report
- April: Social Security and Medicare Trustees' reports
- May/June/July: FY 2022 Budget (due 4/15/21) and Reconciliation
- May/June/July: Appropriations markups and floor consideration
- July/August: CBO's Long-Term Budget Outlook
- July 31: Debt ceiling suspension expires, extraordinary measures begin
- September 30: End of FY; surface transportation law expiration
- September 30: National Flood Insurance Program expires
- December: Year-end omnibus-extenders-stimulus package; Statutory PAYGO scorecard wipe

2022: Second Session, 117th Congress

- Late January: CBO's Budget and Economic Outlook
- February: President's Budget for FY 2023; National Security Strategy; Medicare solvency report
- March/April: GAO's Fiscal Health report
- April: Social Security and Medicare Trustees' reports
- April 15: FY 2023 Budget Resolution due
- May/June: FY 2023 Reconciliation
- May/June/July: Appropriations markups and floor consideration
- July/August: CBO's Long-Term Budget Outlook
- September 30: End of FY
- November: Conference/caucus organizing conferences and possible rules changes (following November 8 midterm elections)
- December: Year-end omnibus-extenders package. Various tax provisions expire—amortization of research & experimentation costs, interest deduction rules
- TBD 2022: Highway Trust Fund exhaustion

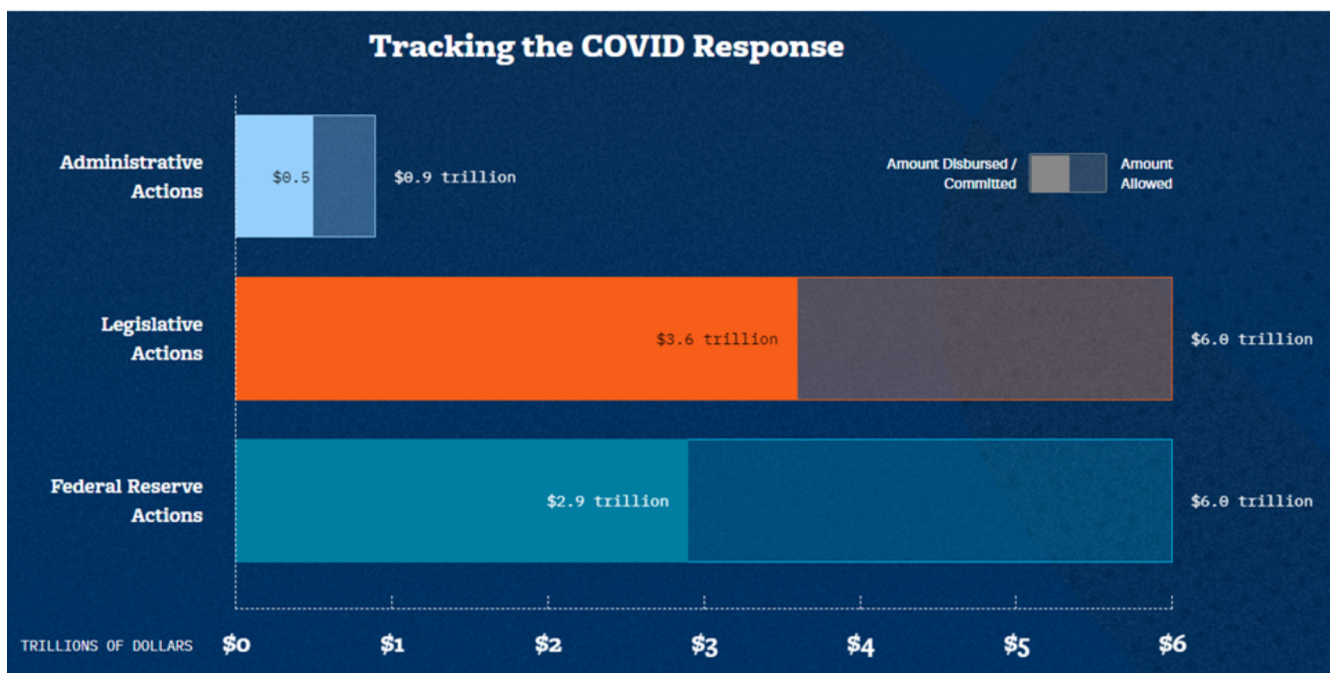
Beyond

- 2023: Full expensing tax phase-out begins; continues until 2027
- 2026: TCJA individual income tax provisions expire; Ex-Im Bank authorization expires
- 2026: Medicare Hospital Insurance (Part A) Trust Fund exhaustion
- 2027: PBGC Multiemployer Pension Insurance Fund exhaustion
- 2032: Social Security Old-Age and Survivors Insurance (OASI) Trust Fund exhaustion
- 2035: Social Security Disability Insurance (SSDI) Trust Fund exhaustion

Responsible Budgeting Provides for Emergencies

- Emergency response is an important federal function
- Deficits can be appropriate to address crises, whether military contingencies, pandemics, recessions, natural disasters, or otherwise
- High debt burdens may reduce political and fiscal capacity to respond effectively
- Reducing the debt burden (during good times) preserves or restores political and fiscal capacity to address the unexpected
- Targeted stimulus can reduce output gaps, based on size and composition, in the near-term, but too much stimulus can overshoot output gaps and do more economic harm than good
- Excessive stimulus could increase debt without improving the economy, lead to higher inflation, cause misallocations in the economy, or lead to an economic cliff or crash
- The \$1.9 trillion American Rescue Plan Act will close the output gap several times over, but may cause economic harm in doing so

Policymakers Have Authorized Trillions in COVID Relief



Note: Current as of April 7, 2021. Updated at www.covidmoneytracker.org.

Readings

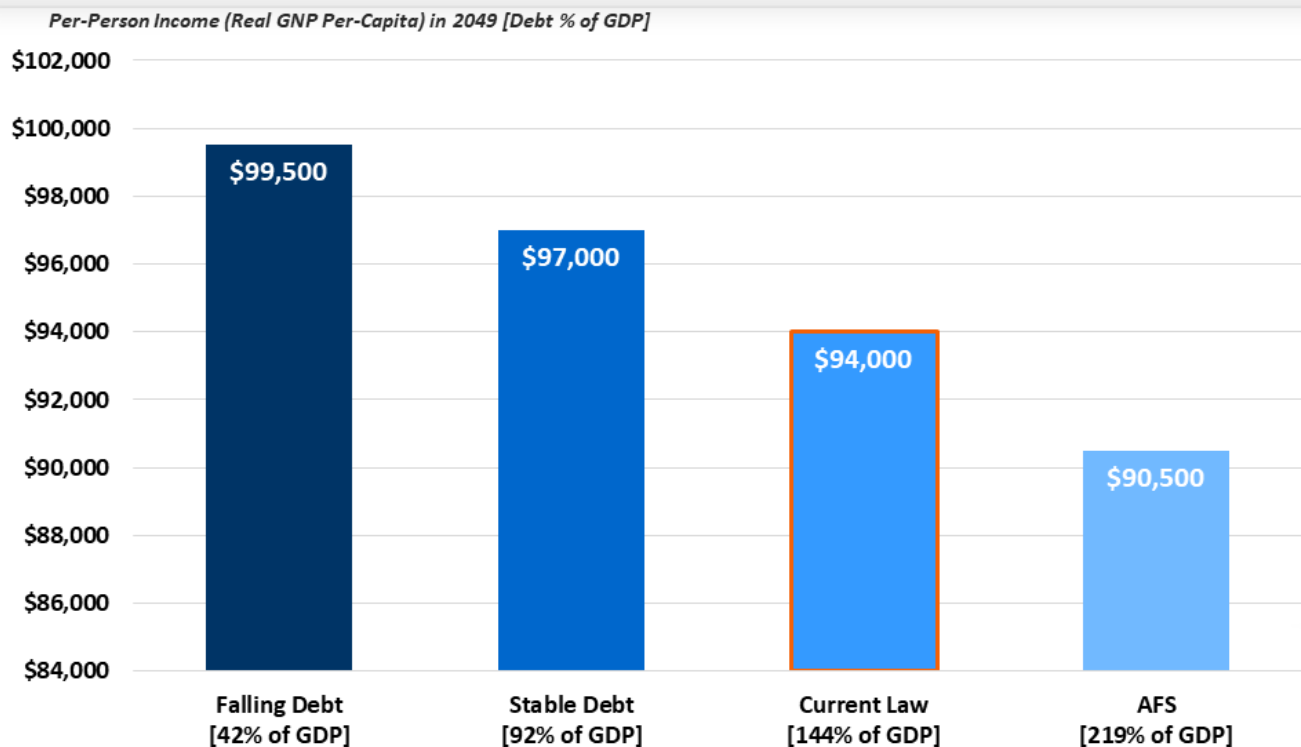
- How Much Would the American Rescue Plan Overshoot the Output Gap?, 2/3/21
- America Faces a \$380 Billion Output Gap, 2/1/21
- Policymakers Should Avoid Austerity in Addressing the Debt, 11/25/20
- Comparing Fiscal Multipliers, 10/6/20
- Policymakers Should Act Quickly and Responsibly to Boost the Economy, 3/10/20
- Zika Debate Is An Opportunity to Discuss How Emergencies Are Funded, 5/24/16

Excessive Debt Hurts the American People

A high and rising debt:

- Dampens Congress' ability to respond to emergencies
- Slows income growth
- Increases interest rates for mortgages, businesses, and more
- Increases interest-rate risk, inflation risk, and risk of fiscal crisis
- Burdens future generations
- Invites undue foreign leverage on U.S. policy

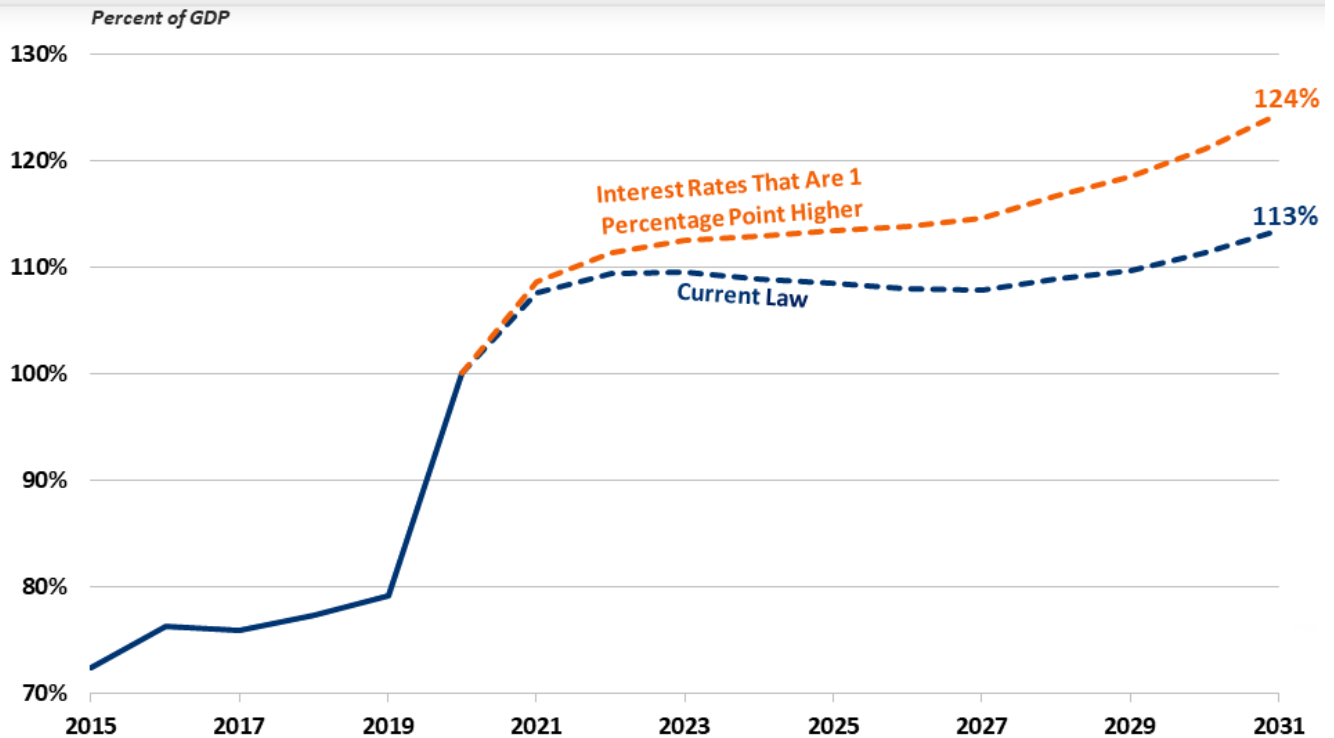
Rising Debt Will Reduce Income Per Person



Source: Congressional Budget Office June 2019 Long Term Budget Outlook



Debt Could Rise Even Higher if Interest Rates Rise



Source: Congressional Budget Office and CRFB calculations.



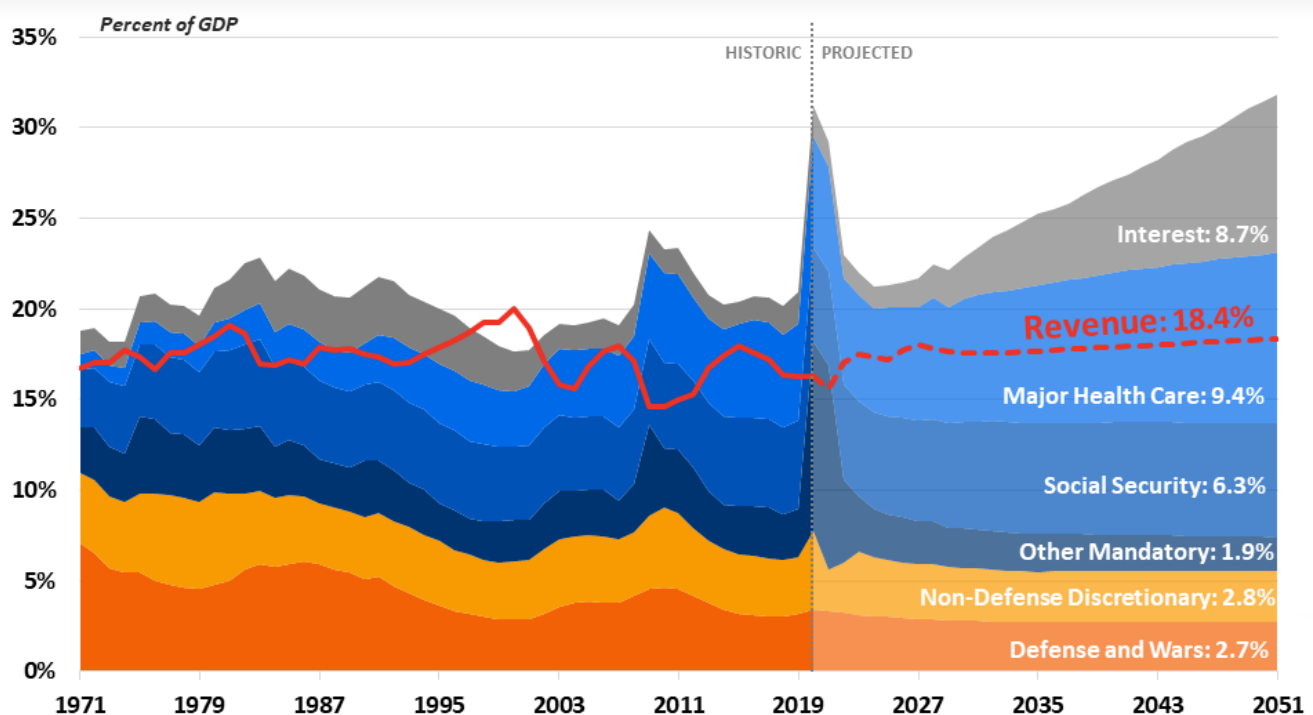
Readings

- How High Are Federal Interest Payments?, 3/10/21
- Policymakers Should Avoid Austerity in Addressing the Debt, 11/25/20
- Why Should We Worry About the National Debt?, 4/16/19

The Gap Between Spending and Revenue Drives the Debt

- 4 years in surplus, 39 in deficit, since 1977 (modern budget process)
 - 1998-2001 surpluses: The only surpluses in the modern budget era.
- 11 years that revenue covered all current spending (ignoring interest costs)
 - 2007: Last year of “primary” balance, also 1979, 1989, 1995-2002

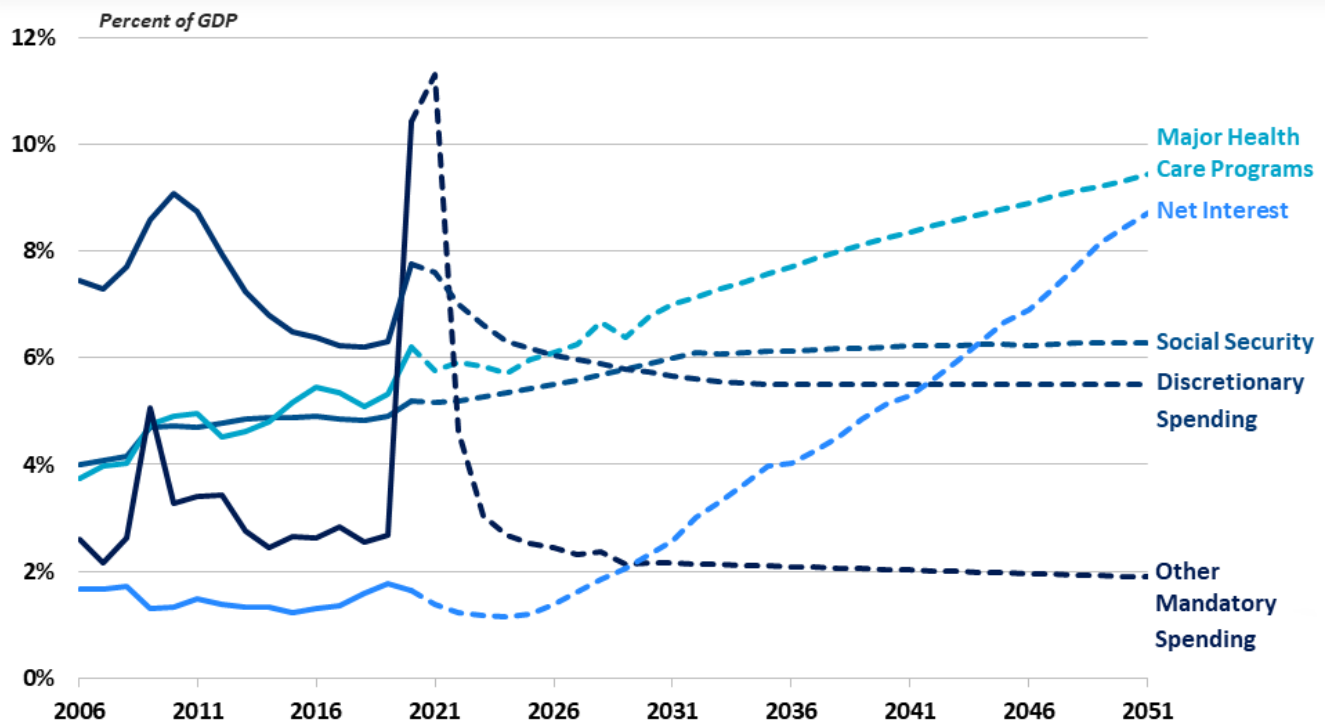
Health, Retirement, & Interest Costs Are Rising Rapidly



Source: Congressional Budget Office and CRFB calculations.



Interest Will Be Largest Federal Program by 2040s



Source: Congressional Budget Office and CRFB calculations.



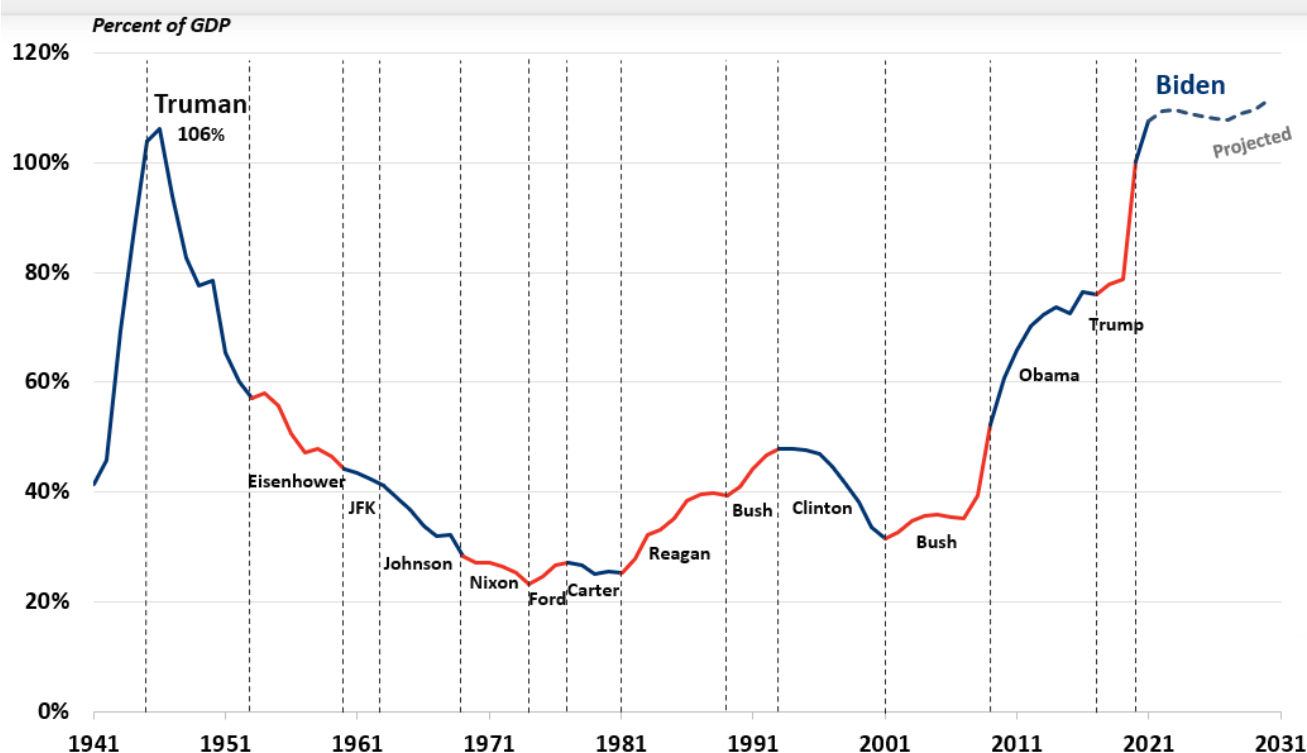
Readings

- Analysis of CBO's March 2021 Long-Term Budget Outlook, 3/4/21
- Why Should We Worry About the National Debt?, 4/16/19

Deficits and Debt are Growing Faster than the Economy

- Debt growing faster than the economy is unsustainable
- The debt burden has grown under all combinations of political control
- Projections of a stabilizing debt burden in the near-term reflect post-pandemic recovery, not improved fiscal conditions
- Long-term projections remain dangerous, and waiting to fix them makes it harder

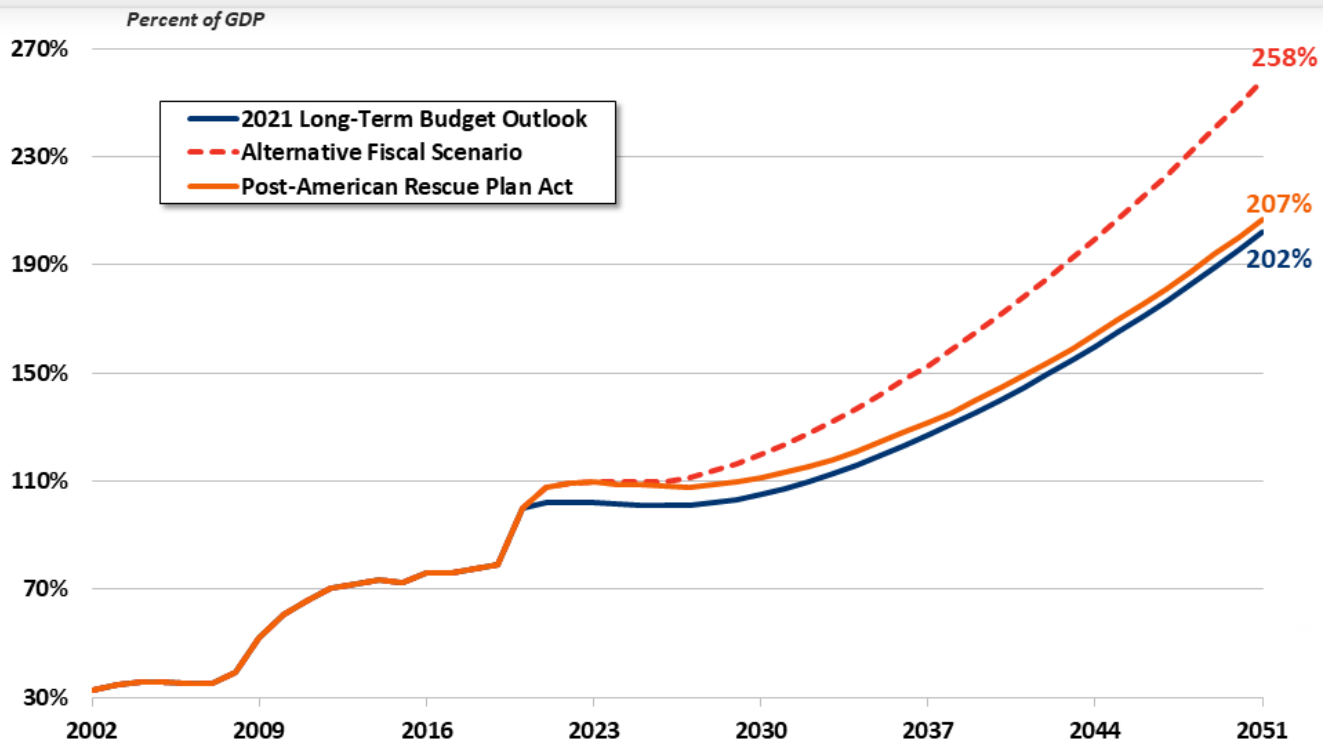
The Debt Burden Exploded in the Last Two Decades



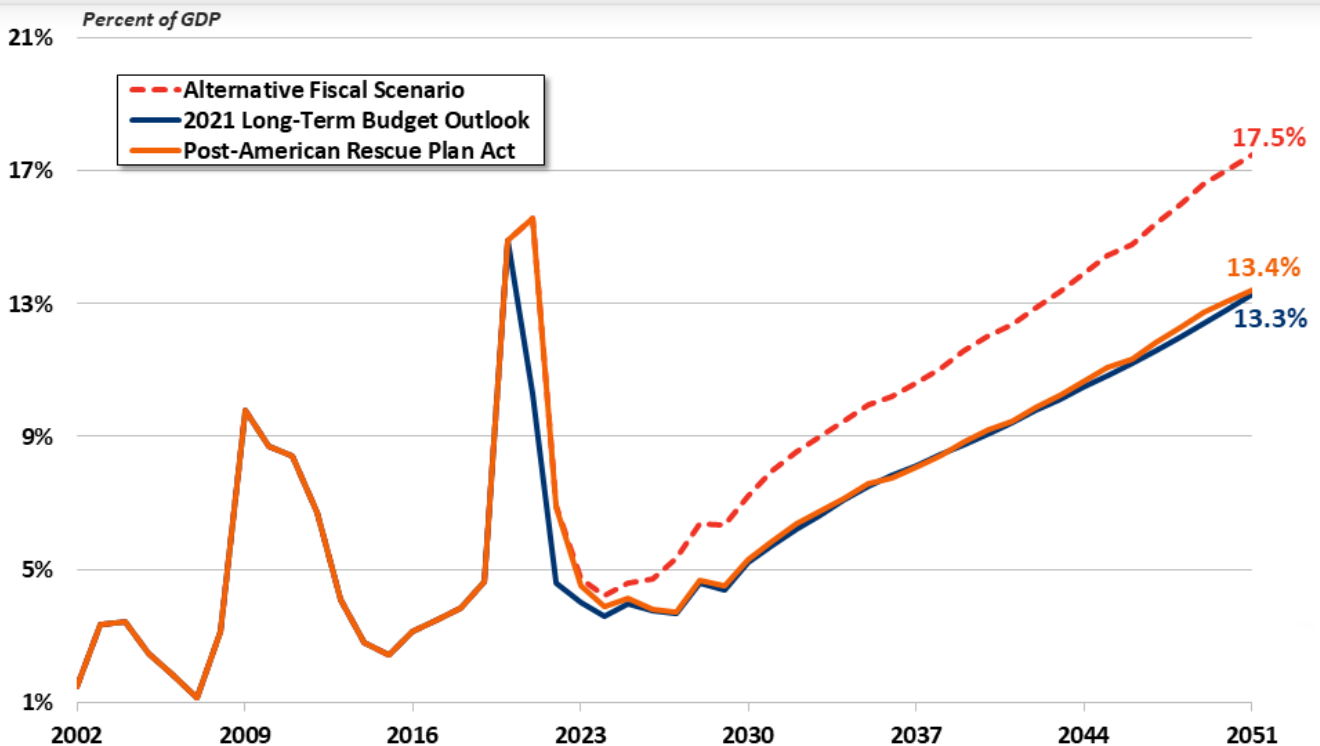
Sources: Congressional Budget Office, Office of Management and Budget, CRFB Calculations



Debt Will Reach Record Levels



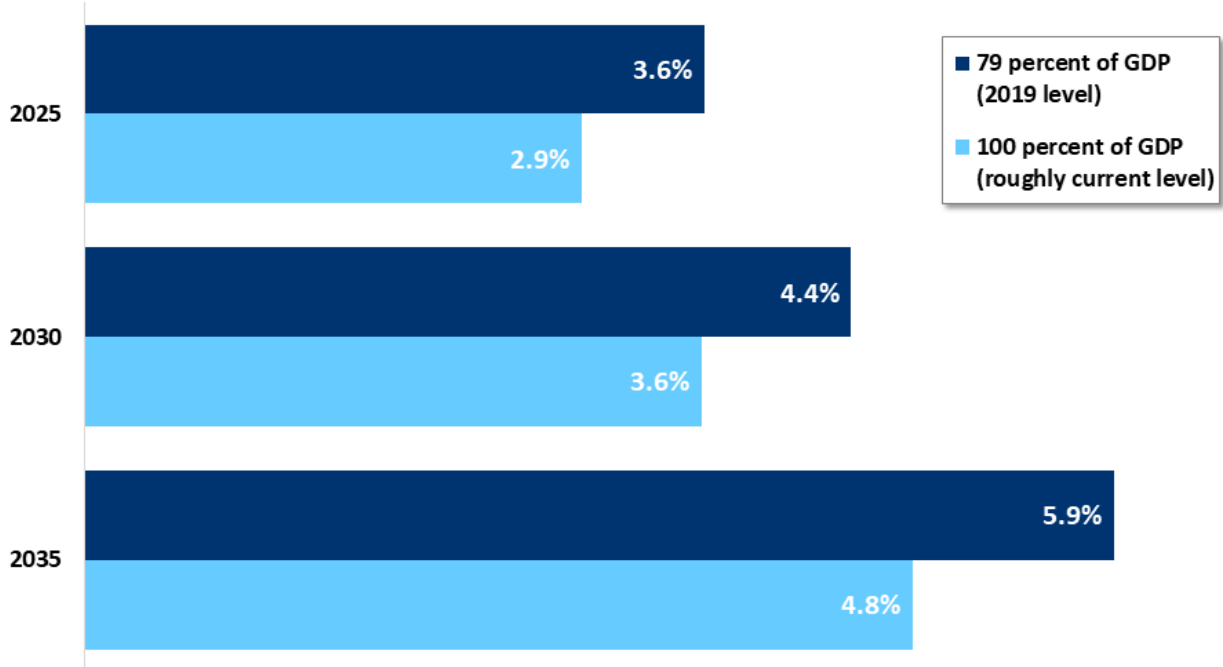
Exploding Long-Term Deficits



Source: Congressional Budget Office and CRFB calculations.

Waiting Makes it Harder to Fix the Debt

Deficit Reduction Needed by Starting Year (Percent of GDP)



Source: CBO September 2020 Long-Term Budget Outlook



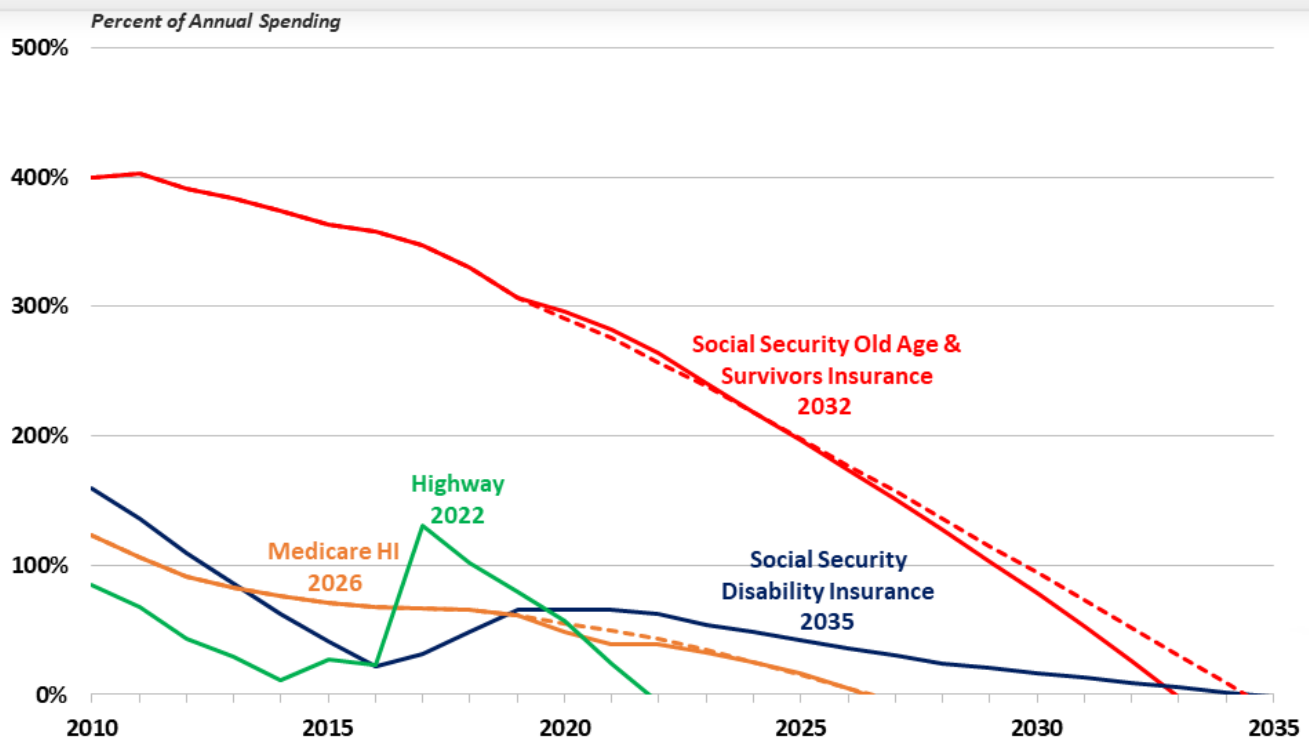
Readings

- Analysis of CBO's March 2021 Long-Term Budget Outlook, 3/4/21
- Moody's: Widening Deficit Foreshadows Decline in U.S. Fiscal Strength, 10/18/18

Major Trust Fund Programs Face Imminent Depletion

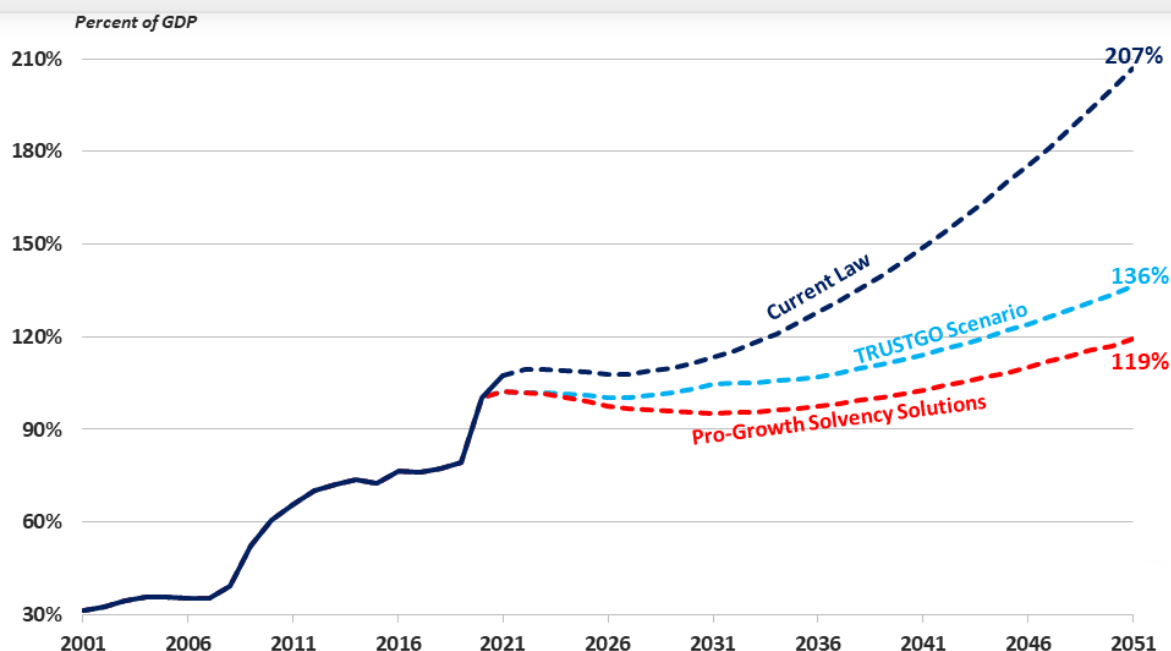
- When trust funds run out of reserves, spending cannot exceed incoming revenue
 - 2022: 25% cut to Highway Trust Fund spending
 - 2026: 13% cut to Medicare Hospital Insurance payments
 - 2032: 27% cut to Social Security Old Age and Survivors Insurance benefits
 - 2035: 7% cut to Social Security Disability Insurance benefits
- 65 million Americans rely on Social Security and Medicare, and that number is growing
- Closing trust fund financing gaps—so dedicated funding matches expenditures—(“TRUSTGO”) would slow the growth in the debt burden while increasing household incomes
- Pro-growth reforms could increase incomes and reduce debt even more

Insolvency Looms for Major Trust Funds

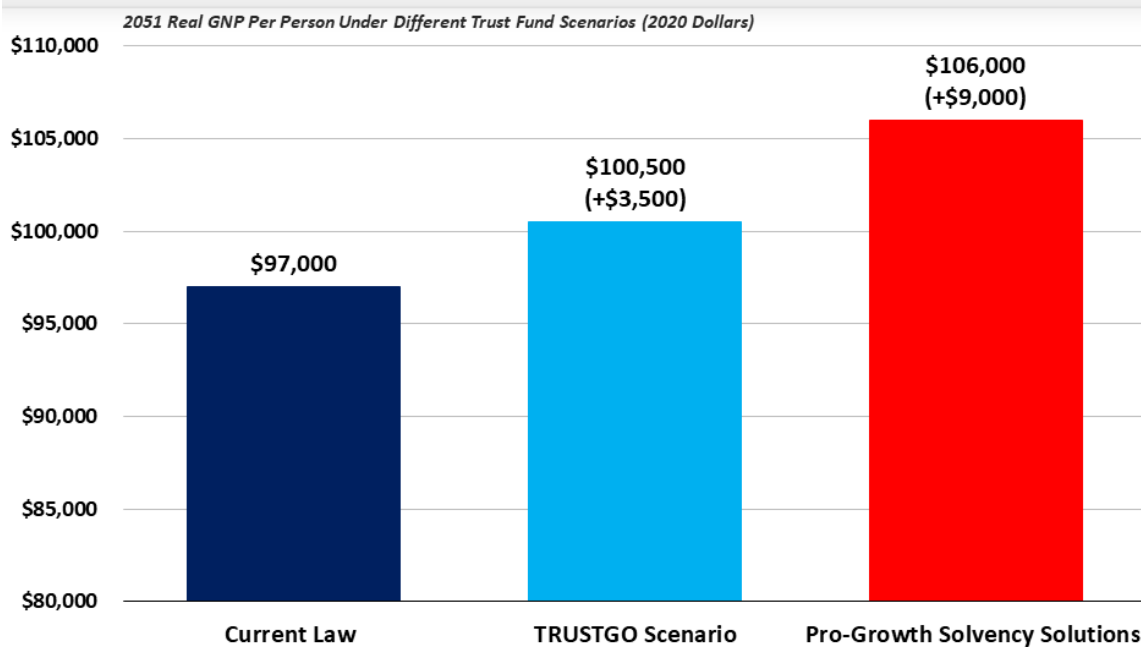


Source: Congressional Budget Office, Social Security and Medicare Trustees, and Social Security Chief Actuary.
Solid lines represent Congressional Budget Office estimates.
Dashed lines represent Trustees or Chief Actuary estimates.

Addressing Trust Funds Would Stop Most Debt Growth



Addressing Trust Funds Would Boost Economic Growth



Source: CRFB calculations based on Congressional Budget Office data, Penn Wharton Budget Model.



Readings

- The Case for Trust Fund Solutions, 3/22/21
- Ten Options to Secure the Highway Trust Fund, 3/22/21
- Bipartisan Group Introduces TRUST Act, 11/1/19
- Promoting Economic Growth through Social Security Reform, 9/19/19
- Saving Social Security and Medicare Could Help Fix the Debt, 7/1/19

The Budget Resolution and Reconciliation are Not Working

- Budget resolutions are mostly used to message, not to govern
- Reconciliation was created to reduce deficits, but it no longer does
- Meaningful budget resolutions could return as Budget Control Act caps expire

Fiscal Year	President	House Budget Chair	Senate Budget Chair	Committee Approval		Initial Passage		Conference Report	
				House	Senate	House	Senate	House	Senate
1999	Clinton	Kasich	Domenici	5/20/1998	3/18/1999	6/5/1998	4/21/1998	6/5/1998	6/15/1998
2000	Clinton	Kasich	Domenici	3/17/1999	3/19/1999	3/25/1999	3/25/1999	4/14/1999	4/15/1999
2001	Clinton	Kasich	Domenici	3/15/2000	3/29/2000	3/24/2000	4/7/2000	4/13/2000	4/13/2000
2002	Bush	Nussle	Domenici	3/21/2001	-	3/28/2001	4/6/2001	5/9/2001	5/10/2001
2003	Bush	Nussle	Conrad	3/13/2002	3/22/2002	3/20/2002	-	-	-
2004	Bush	Nussle	Nickels	3/12/2003	3/13/2003	3/21/2003	3/26/2003	4/11/2003	4/11/2003
2005	Bush	Nussle	Nickels	3/17/2004	3/12/2004	3/25/2004	3/26/2004	5/19/2004	-
2006	Bush	Nussle	Gregg	3/9/2005	3/10/2005	3/17/2005	3/17/2005	4/28/2005	4/28/2005
2007	Bush	Nussle	Gregg	3/29/2006	3/9/2006	5/18/2006	3/16/2006	-	-
2008	Bush	Spratt	Conrad	3/21/2007	3/15/2007	-	3/23/2007	5/27/2007	5/17/2007
2009	Bush	Spratt	Conrad	3/6/2008	3/6/2008	3/18/2008	3/14/2008	6/5/2008	6/4/2008
2010	Obama	Spratt	Conrad	3/25/2009	3/26/2009	4/2/2009	4/2/2009	4/29/2009	4/29/2009
2011	Obama	Spratt	Conrad	-	4/22/2010	-	-	-	-
2012	Obama	Ryan	Conrad	4/6/2011	-	4/15/2011	-	-	-
2013	Obama	Ryan	Conrad	3/21/2012	-	-	-	-	-
2014	Obama	Ryan	Murray	3/13/2013	3/14/2013	3/21/2013	3/23/2013	-	-
2015	Obama	Ryan	Murray	4/4/2014	-	4/10/2014	-	-	-
2016	Obama	Price	Enzi	3/19/2015	3/19/2015	3/25/2015	3/27/2015	4/30/2015	5/5/2015
2017	Obama	Price	Enzi	3/16/2016	-	1/13/2017*	1/1/2017*	1/13/2017	1/1/2017
2018	Trump	Black	Enzi	7/19/2017	10/5/2017	10/5/2017	10/19/2017	10/26/2017**	-
2019	Trump	Womack	Enzi	6/21/2018	-	-	-	-	-
2020	Trump	Yarmuth	Enzi	-	3/28/2019	-	-	-	-
2021	Biden	Yarmuth	Sanders	-	-	2/3/2021^	-	2/5/2021^	2/5/2021^

Source: Congressional Research Service, Congress.gov. Congress has only met its budget deadline 3 times in the last 22 years, with budgets for Fiscal Years 2000, 2001, and 2004.

*For FY 2017, the budget that passed the House and Senate floors did not originate in the Budget Committee, it moved directly to the floor as a "shell budget" with no recommendations except to allow health reform.

**For FY 2018, the House adopted the Senate's budget rather than a conferenced version.

^For FY 2021, a budget resolution was not considered on the House or Senate floors for the 116th Congress. At the beginning of the 117th Congress, House and Senate budget resolutions were brought to the floor of each chamber for deficit-increasing reconciliation.

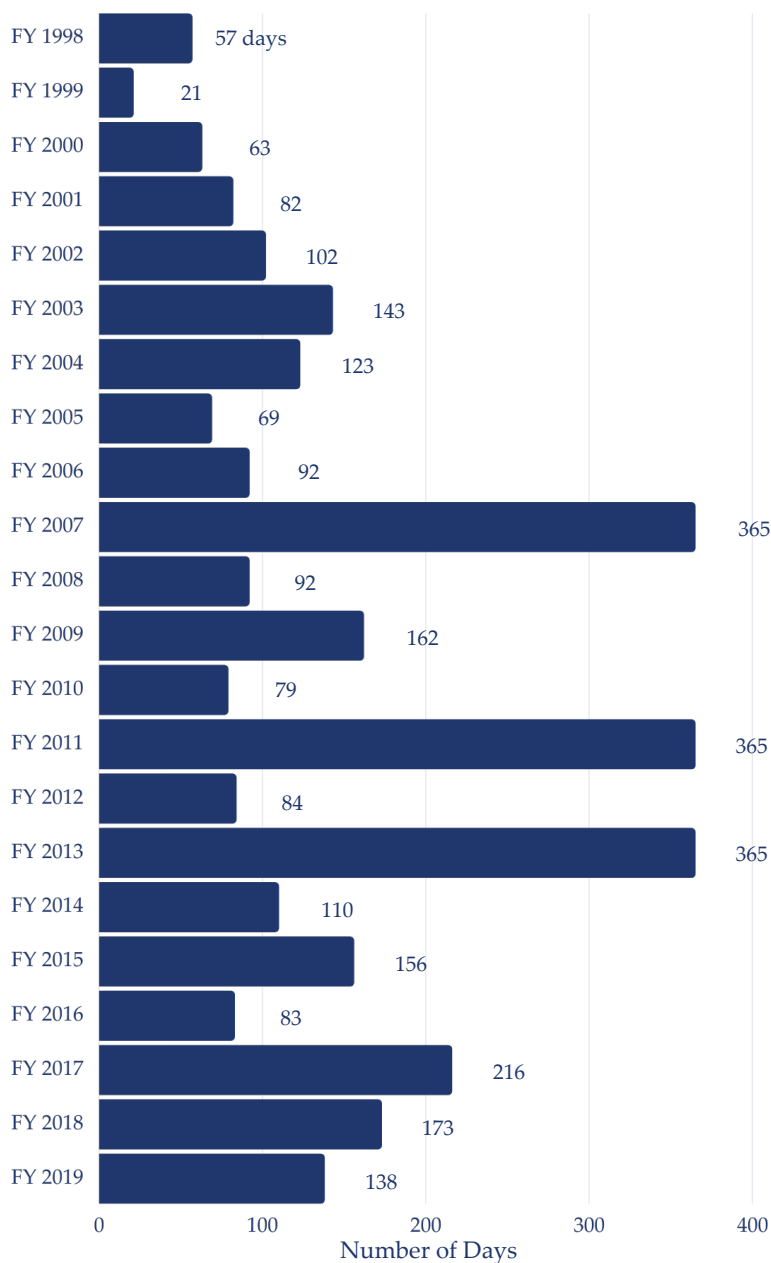
Readings

- Budget Resolution Principles for Fiscal Year 2021, 3/4/20
- Congress Increasingly Fails to Budget, 2/25/20
- Maya MacGuineas' Testimony on Budget Resolution Reforms, 5/24/18
- The Better Budget Process Initiative: Strengthening the Budget Resolution, 4/14/16

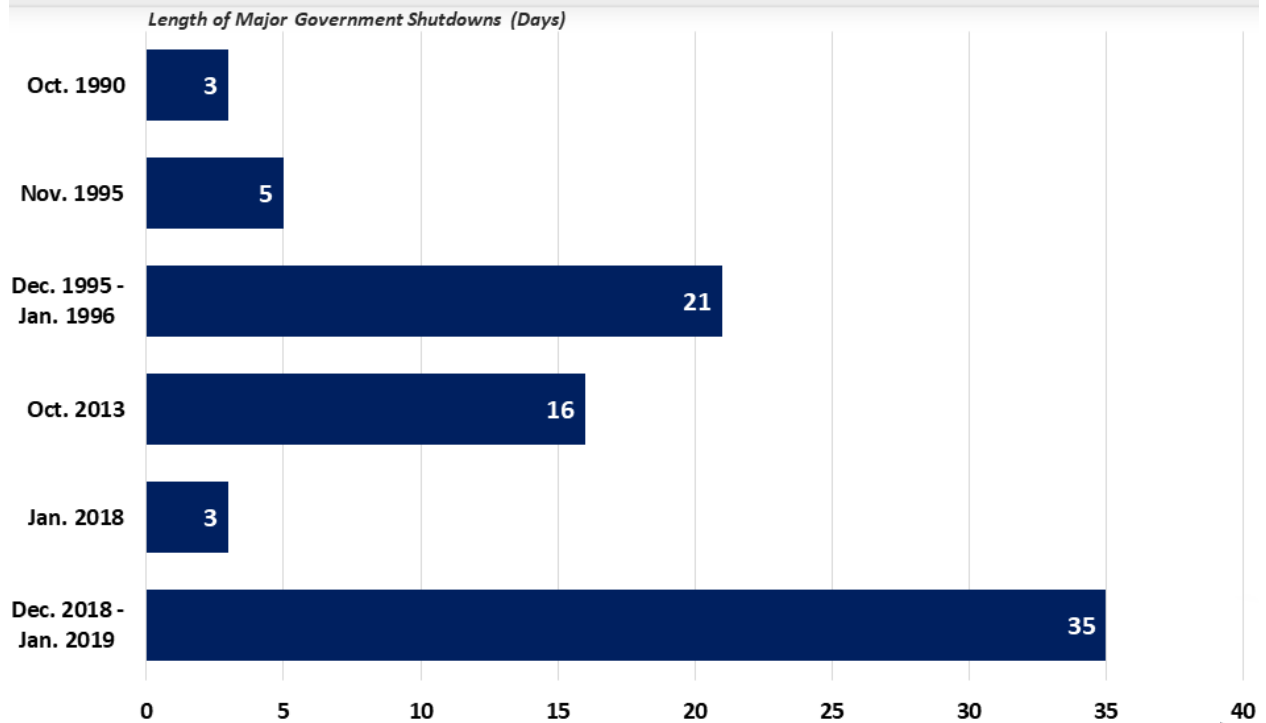
Current Appropriation/Authorization Process

Yields Ad-Hoc CRs, Shutdowns

- 1996 (for FY 1997) was the last year Congress passed all appropriations bills on time
- More than \$330 billion in annual spending lacks a current authorization
- Appropriations bills include provisions that partly substitute for authorizing laws
- Appropriations tend to require combinations of short- or long-term continuing resolutions, various “minibus” or “megabus” bills, or an omnibus appropriations act
- Government shutdowns result if Congress fails to enact new appropriations
- Ad-hoc CRs and shutdowns have significant costs, but they are avoidable



2018 Saw Two Shutdowns



Appropriations Subcommittee	Number of Laws	Expired Authorizations of Appropriations	Identifiable Appropriations (Millions of Dollars)
Agriculture, Rural Development, Food and Drug Administration, and Related Agencies	6	17	\$360
Commerce, Justice, Science, and Related Agencies	65	213	\$69,112
Defense	1	1	N/A
Energy and Water Development and Related Agencies	17	164	\$11,037
Financial Services and General Government	25	40	\$3,742
Homeland Security	18	48	\$19,270
Interior, Environment, and Related Agencies	69	130	\$6,026
Labor, Health and Human Services, Education, and Related Agencies	52	243	\$58,869
Legislative Branch	1	1	\$1
Military Construction, Veterans Affairs, and Related Agencies	13	18	\$83,074
State, Foreign Operations, and Related Programs	30	98	\$38,970
Transportation, Housing and Urban Development, and Related Agencies	28	73	\$41,988
Total	272	1,046	\$332,450

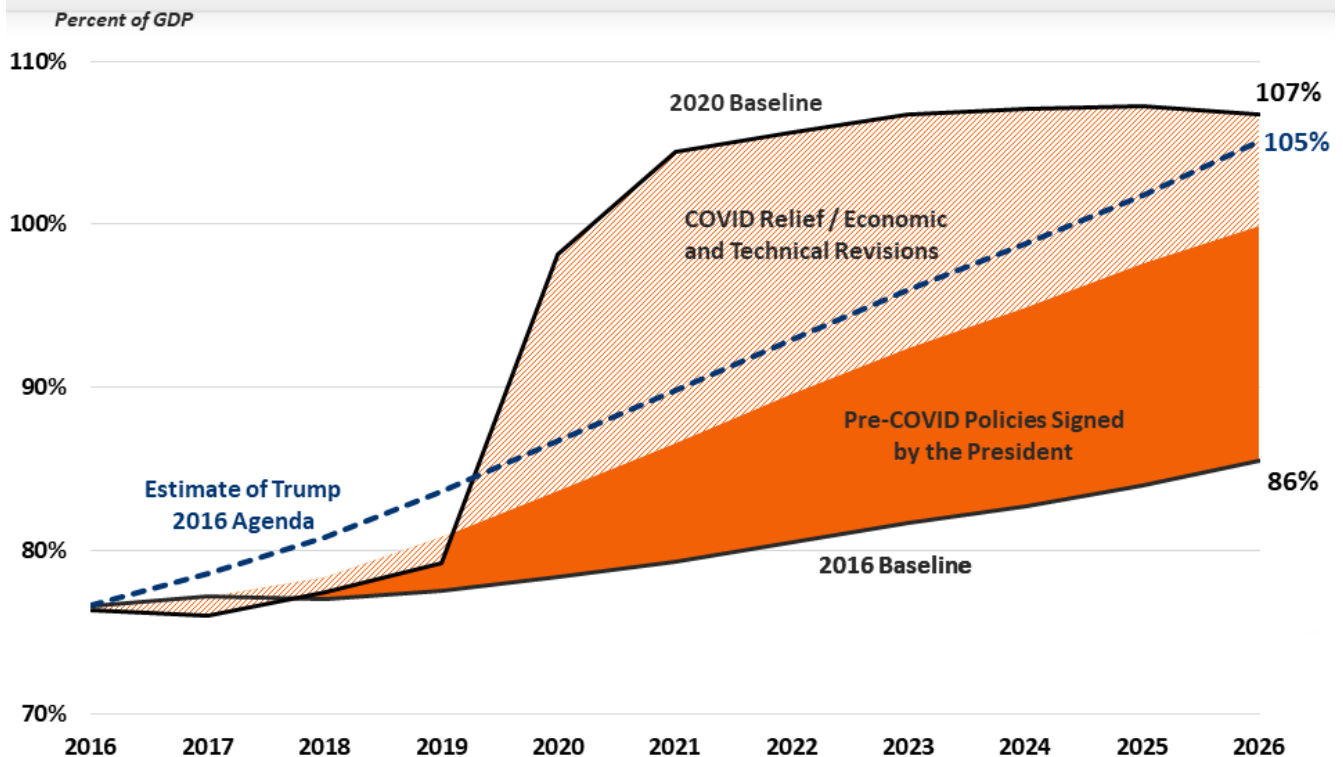
Readings

- Automatic CRs Can Improve the Appropriations Process, 9/17/20
- Q&A: Everything You Should Know About Government Shutdowns, 9/17/20
- CBO: Expired and Expiring Authorizations of Appropriations: Fiscal Year 2020, 2/5/20
- CRS: Continuing Resolutions: Overview of Components and Practices, 4/19/19

Congress and the President Made the Debt Growth Worse (Even Pre-Pandemic)

- In January 2017, CBO projected debt would be 86% of GDP in 2026 (current law baseline)
- In 2016, we estimated that enacting Trump's full agenda would increase the debt level to 105% of GDP by 2026
- Now, debt is projected to reach 108% of GDP in 2026
- Pre-pandemic policies added about \$4 trillion in debt through 2026
- Pandemic response added another \$3.4 trillion (not including the American Rescue Plan Act)

Trump Came Close to Enacting the Debt He Proposed

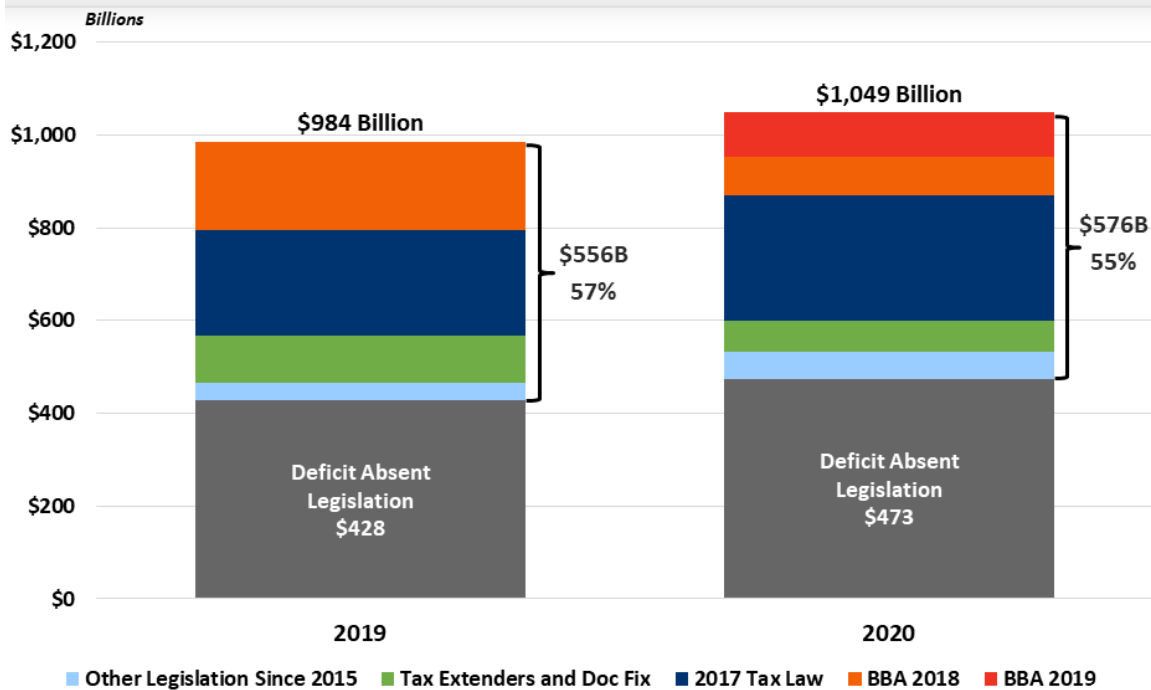


Source: CRFB Calculations based on Congressional Budget Office data.

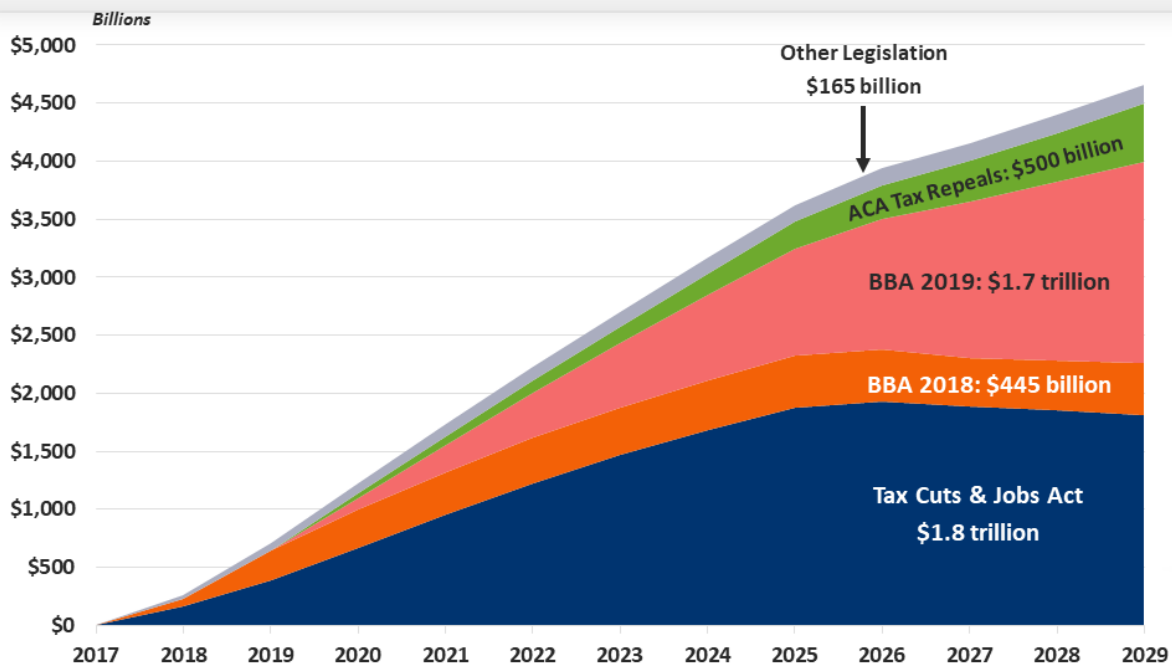
CRFB.org



Pre-COVID, Recent Legislation Doubled Budget Deficits



Legislation Will Have Added \$4.7 Trillion to Debt Since 2017



Note: Chart reflects pre-COVID Data

Sources: Congressional Budget Office, CRFB calculations.

CRFB.org



Readings

- PAYGO Tracker: FY 2020, 6/10/20
- President Trump has Signed \$4.7 Trillion of Debt into Law, 1/8/2020
- Comparing President Trump's Record to His 2016 Agenda, 9/9/2020

(Almost) Nothing Pays for Itself

- Tax cuts rarely pay for themselves
 - TCJA reduced revenue by any meaningful metric (despite boosting output)
 - For tax cuts to increase revenue, a rate must start above the revenue-maximizing rate and end up closer to it. Otherwise, tax cuts reduce revenue
- New spending rarely pays for itself
 - Self-financing implies a multiplier of at least 5.0x (federal revenue ~20% of GDP)
 - COVID response: average fiscal multiplier of 0.58x
 - Exception (to a point): Faster vaccinations can reduce support payments
- Debt's negative multiplier: Borrowed stimulus produces long-term debt drag
- Investments are more pro-growth when fully financed with user fees and other offsets
- Modern monetary theory (MMT) is mistaken and dangerous
 - A flawed, unworkable concept on the disreputable fringes of economics.
 - Proponents say that deficits don't matter and that the Fed can simply buy an unlimited amount of Treasury debt without serious harm. When inflation starts to pick up, Congress can raise taxes to cool down the economy, they say.
 - This "free lunch," no tradeoffs myth makes it politically tempting, but it is wrong.
 - MMT merely rebrands fiscal and monetary experiments that have impoverished people in Latin America, especially in Argentina and Venezuela.
 - Former Treasury Secretary Larry Summers says it would be a disaster, and Nobel Laureate and NYT columnist Paul Krugman also has explained what's wrong with it.

Effects of President Trump's Infrastructure Proposal (Percent change in 2037)

Financing	Debt	GDP	Public Capital Services	Private Capital Services
Deficit-Financed	0.7% to 0.5%	-0.1% to 0%	0.1% to 0.8%	-0.2% to -0.1%
Financed with User Fees	0% go -0.2%	0% to 0.1%	0.1% to 0.8%	0% to 0.1%

Source: Penn Wharton Budget Model

Readings

- Could a COVID Relief Deal Close the Output Gap?, 12/10/20
- Why Should We Worry About the National Debt: Questions and Answers, 4/16/19
- Economists Agree: Deficits Matter, 3/14/19
- Statement for the Record for the Committee on Ways and Means Hearing on "Our Nation's Crumbling Infrastructure and the Need for Immediate Action," 3/6/19
- Pro-Growth Infrastructure Needs Concrete Pay-Fors, 3/27/18
- The Tax Bill Did Not Cause Revenue to Rise, 11/5/18

Bipartisan Reforms for 2021

Secure Trust Fund Programs

- Regular order: Senate Finance, House Ways and Means should seek compromise between plans to restore sustainable solvency to Social Security:
 - Rep. John Larson's (D-CT) Social Security 2100 Act
 - Former Rep. Sam Johnson's (R-TX) Social Security Reform Act
 - Centrist Conrad-Lockhart proposal
 - Committees should also strengthen Medicare and highway/transit programs
- Time to Rescue United States Trusts (TRUST) Act: Bicameral, bipartisan legislation to set up special "rescue committees" to prevent depletion of each major, endangered trust fund program: Social Security Old Age and Survivors Insurance, Social Security Disability Insurance, Medicare Hospital Insurance, and highway and transit programs
- Sustainable Budget Act to establish a comprehensive fiscal commission with a goal of reaching primary (non-interest) balance within a decade

Extend the Select Committee on the Modernization of Congress

- Following 97 unanimous, House-focused reforms, extension included in House Rules
- Senate could set up similar entity or join with the House
- Instruct to review congressional organization and operations, like budget process

Pay for New Initiatives and Strengthen PAYGO

- Pay-as-you-go requires offsets so (non-appropriations) legislation doesn't add to debt
- Use our Budget Offsets Bank and/or develop other offsets
- Apply Statutory PAYGO to interest effects, "off-budget programs," discretionary caps
- Replace enforcement of Statutory PAYGO with a politically sustainable alternative
- Extend PAYGO principles to committees and put in conference/caucus rules

Pair Debt Limit Reform with Enforceable Budget Targets

- Set targets based on debt-to-GDP ratios, overall spending caps, budget balance (full or primary), and/or revenue floors. Combining rules may be best
- Include political and/or automatic enforcement provisions
- Suspend the debt limit as long as budget targets are met or on track

Reduce Costs of Health Care

- Health programs are the fastest growing part of federal primary (non-interest) spending; by 2050, half of all federal non-interest spending, up from a third today
- Consider options from our Budget Offsets Bank, which can reduce costs without harming access, quality, or innovation
- Our Health Savers Initiative is producing additional options

Identify New Revenue

- Close loopholes and fund tax enforcement to reduce the tax gap
- Reduce tax expenditures, especially those with unfair or distorting effects
- Adjust payroll taxes and benefits to improve Social Security and Medicare solvency
- Raise excise taxes, including on fuels, alcohol, tobacco, cannabis, greenhouse gases
- Increase corporate and individual income taxes

Improve Budget Transparency

- Supplement budget estimates with accrual methods like the INFORM Act
- Create a Fiscal State of the Nation – a joint hearing with the Comptroller General
- Require interest effects and scenarios from CBO and JCT
- Require line-item budgets/appropriations supplements, as many states have

Strengthen the Budget Committee and Improve Reconciliation

- Bipartisan Congressional Budget Reform Act has many reforms, including:
 - Spin off debt limit increase and discretionary caps with adoption of biennial budget with debt-to-GDP targets
 - Improve transparency and accountability, like portfolio budgeting
 - Rein in Senate's vote-a-rama for budget resolution (but not reconciliation)
 - Special reconciliation process to support debt-to-GDP targets
- Reform America's Fiscal Toolkit (RAFT) Act: include debt-to-GDP targets and enforce with joint select committee or reconciliation
- Adopt 'Conrad Rule' that prevents reconciliation from increasing deficits
- Require Budget Committees to explain any budget resolution assumptions not included in reconciliation instructions

End Shutdowns with Automatic Continuing Resolutions

- Auto CRs improve the appropriations process by promoting common ground, reducing brinkmanship, and encouraging deliberation as a discovery process
- 13 States with comprehensive auto CRs finish budgets similar to shutdown states
- Federal government operated on something like an auto CR prior to 1980
- Level funding has most bipartisan support; additional incentives may be useful

Reclaim Congress' Power of the Purse and Improve Emergency Budgeting

- ARTICLE ONE Act to limit presidentially-declared emergencies to six weeks unless Congress affirms them; Senate HSGAC approved by voice vote in July 2019
- Congressional Power of the Purse Act to enhance oversight of executive budget process, incorporates ARTICLE ONE Act
- Extend ARTICLE ONE Act principle to emergency-response Stafford Act
- Bicameral Congressional Trade Authority Act on Congress' trade powers
- Rejuvenate the congressional authorization process to update programs
- Pre-fund "rainy day fund," as in Maximizing America's Prosperity Act (within caps)
- Treat emergency preparedness stockpiles as assets, not just as costs

Interactive Tools You Can Use

Debt Fixer

www.crfb.org/debtfixer

Our Debt Fixer interactive federal budget tool lets you make the tough choices to solve our country's debt problem.

Social Security Reformer

www.crfb.org/socialsecurityreformer/

The Social Security Reformer tool allows you to select revenue and benefit changes to stabilize Social Security and make it sustainable for the next generation.

Is It Worth It?

<http://fixthedebtnow.org/is-it-worth-it/>

Check out the costs of proposed policies, tax breaks, and federal spending in the U.S. budget. Compare the annual or total cost with the cost per person, per taxpayer, or per household to see if you think it is worth it.

Budget Offsets Bank

<https://www.crfb.org/offsets>

Our Budget Offsets Bank includes options to raise revenue and reduce spending and typically shows ranges of potential savings depending on the details.

COVID Money Tracker

www.covidmoneytracker.org

Trace every dollar of federal COVID relief. Explore the data and follow the money with the COVID Money Tracker tool.

Additional Resources

Congressional Research Service

- Introduction to the Federal Budget Process: <https://crsreports.congress.gov/product/details?prodcode=98-721>

Budget Committee (House)

- Laws and Rules of the Congressional Budget Process: <https://www.govinfo.gov/content/pkg/CPRT-114HPRT96107/pdf/CPRT-114HPRT96107.pdf>

Congressional Budget Office

- Budget and Economic Data: <https://www.cbo.gov/data/budget-economic-data>
- Options for Reducing the Deficit: <https://www.cbo.gov/publication/56783>
- Interactive Debt Service Table: <https://www.cbo.gov/publication/56680>

Government Accountability Office

- America's Fiscal Future: https://www.gao.gov/americas_fiscal_future
- Principles of Federal Appropriations Law ("Red Book"): <https://www.gao.gov/legal/appropriations-law-decisions/red-book>

Office of Management and Budget (Executive Office of the President)

- President's Budget: <https://www.whitehouse.gov/omb/budget/>
- Historical Tables: <https://www.whitehouse.gov/omb/historical-tables/>
- Analytical Perspectives: <https://www.whitehouse.gov/omb/analytical-perspectives/>

Department of the Treasury

- Debt to the Penny: https://www.treasurydirect.gov/govt/reports/pd/pd_debttothepenny.htm
- Financial Report of the US Government: <https://fiscal.treasury.gov/reports-statements/financial-report/>
- Major Foreign Holders of Treasury Securities: <https://ticdata.treasury.gov/Publish/mfh.txt>

Social Security Trustees: <https://www.ssa.gov/oact/tr/2020/>

Medicare Trustees: <https://www.cms.gov/Research-Statistics-Data-and-Systems/Statistics-Trends-and-Reports/ReportsTrustFunds/TrusteesReport>

Federal Reserve Economic Data: <https://fred.stlouisfed.org/>

International Monetary Fund - Currency Composition of Official Foreign Exchange Reserve: <https://data.imf.org/?sk=E6A5F467-C14B-4AA8-9F6D-5A09EC4E62A4>

World Bank

- Doing Business: <https://www.doingbusiness.org/>
- Open Data: <https://data.worldbank.org/>

Organization for Economic Cooperation and Development: <https://data.oecd.org/>