



CRFB Welcomes New Budget Proposals January 27, 2010

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The Committee for a Responsible Federal Budget is encouraged by recent proposals to address the nation's large budget imbalances. Constructive plans from the Blue Dog Democrats in the House, Senators John McCain and Evan Bayh, and Congressman Paul Ryan—in addition to President Obama's expected budget proposals in tonight's State of the Union address—are all helpful in jumpstarting a much-needed national discussion about our fiscal future.

"It is no longer sufficient for policymakers to acknowledge that we have a problem" said Maya MacGuineas, President of the Committee for a Responsible Federal Budget. "You'd have to be blind not to know that. Now is the time to start proposing real solutions—and it is gratifying to see that a number of policymakers are taking that responsibility seriously."

The "Blue Dog Blueprint for Fiscal Reform" unveiled yesterday puts forward the goal of stabilizing the debt level at 60 percent of GDP—a key recommendation of the Peterson-Pew Commission on Budget Reform. In order to achieve that goal, the plan lays out 15 steps including: restoring paygo rules, capping discretionary spending, instituting a "budget reconciliation trigger" to enforce budget discipline, and establishing a fiscal commission to recommend to Congress spending and revenue changes to ensure long-term fiscal sustainability.

The Bayh-McCain "Fiscal Freeze Act" would limit non-security discretionary spending growth to inflation, place a moratorium on earmarks, and implement a number of other reforms to stay in place until the federal budget is balanced. It also calls for long-term spending and deficit reduction targets, along with mechanisms to enforce those targets.

Congressman Ryan's detailed "A Roadmap for America's Future 2.0" announced today includes a comprehensive set of reforms for healthcare, Medicare, Medicaid, Social Security, the budget process and the tax system. The debt would still reach 100 percent of GDP by mid-century—a level we worry is far too high, but it is nonetheless a significant improvement compared to current policy, and a far more detailed offering than we have seen from any other politician.

President Obama will reportedly announce a three year freeze on "non-security" discretionary spending, as well as a presidential fiscal commission, in his State of the Union address tonight.

CRFB does not support every element of each proposal, but we commend those offering them for exhibiting leadership and political courage in putting forward a plan. We hope others will follow their leads.