



CRFB Budget Resolution Principles January 21, 2015

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One of the first and most important priorities Congress should be agreeing to is a budget resolution conference report that lays out a framework for pursuing priorities and addressing issues in a fiscally responsible manner before making major decisions on spending or revenues. We recommend that Congress move forward under regular order, while adhering to the following principles when crafting a budget resolution.

1. Put the Debt on a Downward Path

- Propose revenue and spending targets sufficient to put the debt on a downward path as a share of the economy over the medium- and long-term
- Make realistic and gimmick-free assumptions to achieve this goal

2. Responsibly Address Upcoming “Fiscal Speed Bumps”

- Recognize and address the need to raise the federal debt limit
- Include a plan to fully offset reforms to the Sustainable Growth Rate (SGR)
- Provide for a plan to make solvent the Highway Trust Fund
- Set achievable and responsible discretionary spending levels and offset any sequester relief with more permanent and thoughtful savings
- Responsibly address tax extenders, preferably through tax reform

3. Provide for Tax and Entitlement Reform, Using Reconciliation Where Appropriate

- Include significant and achievable savings targets to slow the growth of Medicare, Medicaid, and other entitlement programs, along with credible examples to achieve these savings and reconciliation instructions to facilitate deficit reduction
- Include language promoting Social Security reform designed to make the program as a whole solvent and avoid the pending insolvency of the SSDI program
- Call for pro-growth tax reform that is preferably revenue-generating and at least revenue-neutral relative to current law; and include mechanisms to provide for prompt action on tax reform
- Focus on the long term by prioritizing savings that grow over time and avoiding timing shifts that would result in higher deficits beyond the budget window

4. Strengthen Budget Enforcement

- Strengthen prohibitions of timing shifts, phony savings, and other budget gimmicks
- Tighten rules exempting Overseas Contingency Operations costs from budget limits
- Prohibit the passage of legislation that would increase deficits in the long term