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Carol Cox Wait
President

Memo to: Board and Members
From: Carol Cox Wait
Date: September 16, 2002

Subject: Budget Enforcement

During the August recess, our co-chairmen wrote to Senate leaders to encourage them to adopt a framework for budget discipline before the end of the fiscal year. We sent copies of that letter to all members of the Senate Budget Committee. We are attaching a copy of that letter.

We are seriously concerned that there could be a meltdown in the budget process. Huge budget surpluses seem to be a thing of the past. The continuing war against terrorism and potential conflict with Iraq can only put greater pressure on the public purse. Political leaders will have to make hard choices if the budget is to return to balance, as it ought to do as the economy recovers from recession.

Senate leaders have put before the body a one-year extension of PAYGO rules and the 60-vote points of order that have served so well. Their proposal does not include caps for discretionary spending.

Senator Gramm has so far objected to adoption of that modest step by unanimous consent and it is not clear whether he will withdraw his objection. Nor is it clear what will happen if he does not.

The Senate should pass a budget. Failing that Congress and the Administration should reach agreement on discretionary spending limits and extend the PAYGO discipline for direct spending and revenue legislation. This is as important as anything else on our leaders' agenda for the balance of this Congress.

The absence of budget rules cannot be good for budget discipline.

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August 27, 2002

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The Honorable Tom Daschle
The Honorable Trent Lott
The Honorable Kent Conrad
The Honorable Pete Domenici
United States Senate
Washington DC 20510

Dear Former Colleagues:

We are writing to urge you very strongly not to allow essential congressional fiscal and budgetary disciplines expire at the end of this September. It is urgent that the U.S. Senate take immediate action, as soon as Congress reconvenes in September, to adopt new caps for discretionary spending and PAYGO rules to impose limits on new direct spending and revenue legislation.

While it would have been far better for the Senate to pass a budget and reach agreement with the House on a concurrent budget resolution extending these disciplines, we understand that this will not happen. The only alternative at this point is for the Senate to adopt budget rules to guide your own actions through the fall and/or append such rules to the next appropriations bill that you consider. We hope that you will do both.

The budget situation is deteriorating rapidly. The expiration of Budget Enforcement Act constraints on spending and revenue legislation is an open invitation to fiscal irresponsibility and an embarrassment to all that care about the budget process.

Those rules may be criticized. They did not always work as well as we would like. But they helped to balance the budget for the first time in 30 years. To let them expire now would send a terrible signal to an economy that is struggling for stability.

The country and the budget are at a crossroads. Current deficits are again out of control. There is real danger that without prudent fiscal management, higher outlays and larger revenue reductions will result in even larger budget deficits than those currently projected. This nation simply cannot afford that risk given the urgent national security and economic challenges we face.

Senate Leadership and
Senate Budget Committee Chairman and Ranking Member
August 27, 2002
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For these reasons, we strongly urge you to adopt new discretionary caps and PAYGO rules before you proceed with any more spending and revenue legislation. We thank you for your continuing diligence in the critically important budget work of the Senate and for your careful consideration of this request.

Best regards,

Bill Frenzel

Leon Panetta