

PRESS RELEASE

COMMITTEE FOR A RESPONSIBLE FEDERAL BUDGET

FOR IMMEDIATE RELEASE

October 7, 2005

Contact: Jerry Irvine 202-986-2700

Irvine@newamerica.net

PRESIDENT

Maya MacGuineas

CO-CHAIRMEN

Bill Frenzel

Leon Panetta

DIRECTORS

Barry Anderson

Roy Ash

Thomas Ashley

Charles Bowsher

Dan Crippen

Richard Darman

Cal Dooley

Willis Gradison

William Gray, III

Ted Halstead

Jim Jones

Lou Kerr

James Lynn

James McIntyre, Jr.

David Minge

Marne Obernauer, Jr.

June O'Neill

Rudolph Penner

Tim Penny

Peter Peterson

Robert Reischauer

Alice Rivlin

Jim Slattery

Charles W. Stenholm

David Stockman

Paul Volcker

Carol Cox Wait

Joseph Wright, Jr.

SENIOR ADVISORS

Henry Bellmon

Elmer Staats

Robert Strauss

CONSULTANT

Ed Lorenzen

The Committee for a Responsible Federal Budget Applauds Efforts to Budget More Responsibly Following Katrina

WASHINGTON, DC -- The Committee for a Responsible Federal Budget applauds the efforts in the House and Senate to improve budget process and reduce deficits following Katrina.

House Budget Committee Chairman Jim Nussle has suggested that Congress adopt an amended budget resolution to offset the costs of hurricane relief. As it became clear that the costs of responding to Hurricane Katrina would exacerbate the nation's already unhealthy fiscal condition, the Committee called on Congress to pass a new budget resolution to re-evaluate the country's fiscal priorities and exercise greater restraint in the rest of the budget. (<http://crfb.org/documents/ReleaseKatrinaNeedsaBudget.pdf>.) An updated budget would account for new spending for Katrina as well as the other costs that have fallen outside of the most recent budget resolution.

"Chairman Nussle's proposal for an amendment to the budget resolution providing for deeper spending reductions is an important step in handling Katrina's extreme costs responsibly," said Maya MacGuineas, President of the Committee for a Responsible Federal Budget. "In order to keep the already too large budget deficit from growing larger, Congress should consider dropping provisions in the budget that would increase the deficit, re-examine budget busting legislation enacted earlier this year, find offsets for new areas of spending, and reject efforts to use this tragedy to advocate for tax and spending proposals unrelated to disaster relief," said MacGuineas.

"In order to be credible, a new budget should examine all areas of the budget for savings and apply budget discipline to all legislation that would increase the deficit." Senate Budget Committee Chairman Judd Gregg has been leading an effort in the Senate to find offsets for Katrina and his willingness to put everything on the table greatly enhances the likelihood of success. "Chairman Gregg is showing real leadership through his willingness to consider all areas of the budget in his quest to reduce the deficit and pay for Katrina."

Also encouraging is a bipartisan effort in the House to require that future emergency supplemental appropriations bills be narrowly targeted to hurricane relief and not diverted toward unrelated programs, and that a reserve fund for emergency spending be included in the next budget resolution—ideas the Committee has long-embraced. (See: <http://www.cooper.house.gov/>)

"The increased interest in offsetting Katrina's costs and concern about the budget deficits by Members of both parties has been heartening," said MacGuineas. "A bipartisan group of Members should now work together to develop a specific package of policies to offset the new and unanticipated disaster-related costs, as well a broader plan to reduce structural budget deficits. It is encouraging to see that at long last, momentum is building for fiscally sound policies."

The Committee for a Responsible Federal Budget is a bipartisan organization committed to educating policy makers and the public about issues related to fiscal policy. The Co-Chairs of the Committee are Bill Frenzel and Leon Panetta. The Committee is located at the New America Foundation. www.crfb.org.