



PRESS RELEASE

COMMITTEE FOR A RESPONSIBLE FEDERAL BUDGET

PRESIDENT

Maya MacGuineas

FOR IMMEDIATE RELEASE

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Contact: Jerry Irvine 202-986-2700

Irvine@newamerica.net

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Bill Frenzel

Leon Panetta

The Committee for a Responsible Federal Budget Recommends Congress Adopt a Brand New Budget

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WASHINGTON, DC -- The Committee for a Responsible Federal Budget recommends that Congress pass a new budget resolution reflecting the changes in the budget outlook and national priorities as a result of Hurricane Katrina. Before Katrina, there were overruns in the budget in the areas of defense, transportation, energy, agriculture, and veterans' healthcare. Along with Katrina disaster relief efforts, costs could easily grow to \$250 billion beyond what is assumed in the current budget resolution.

There is a precedent for Congress passing a second budget for a year. For several years following the establishment of the current budget process, it was standard procedure for Congress to pass a second budget resolution taking into account any newly passed legislation and updated economic forecasts. This process ended in the 1980s, but procedures allowing Congress to pass a revised budget resolution are still in place.

"Next year's budget has already been derailed and the new fiscal year hasn't even begun," said Maya MacGuineas, President of the Committee for a Responsible Federal Budget. "The President and Congress should agree on a new budget that lays down priorities in the new post-disaster environment, shows how they would pay for those priorities, and serves as a reality check on the plan to cut the budget deficit in half by 2009. Failing to account for the changes in tax and spending plans leaves the country flying blind with no meaningful fiscal plan."

The Committee applauded the efforts of legislators to find offsets in the budget to pay for the hundreds of billions of dollars in new costs. "We cannot afford to merely layer these new costs on top of existing priorities," said MacGuineas. The Committee also encouraged Congress to adopt "disaster funds" in its budget going forward to help pay for the costs of future natural disasters.

"At a bare minimum, Congress must hold off on tax cuts and increased spending not related to Katrina until the full costs of Katrina have been absorbed in the budget," said MacGuineas. "After we have a better understanding of the fiscal impact of Katrina, we can reassess whether the legislative priorities from prior to Katrina are still affordable."

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.