



PRESS RELEASE

COMMITTEE FOR A RESPONSIBLE FEDERAL BUDGET

FOR IMMEDIATE RELEASE

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The Committee for a Responsible Federal Budget Expresses Concern over Pre-Recess Spending Spree

WASHINGTON, DC -- The Committee for a Responsible Federal Budget released a statement expressing concern about several pieces of legislation Congress is expected to consider before the August recess which will further increase the deficit.

Congress is poised to approve three conference reports – the highway bill, energy bill, and Interior appropriations bill with supplemental funding for veterans – that would exceed the limits in the budget resolution and increase the deficit. The administration has indicated support for all three measures even though they contain costs beyond the President's budget.

“These bills are evidence that our fears that the recent positive budget news could lead Members of Congress to go on a spending spree were well-founded,” said Maya MacGuineas, President of the Committee for a Responsible Federal Budget.

MacGuineas noted that the budget resolution adopted by Congress earlier this year would allow for an increase in the deficit of \$166 billion over the next ten years. “Even if all these bills fit within the budget resolution, they would still be increasing the deficit. To the extent that they stretch or outright break the restraints in the budget resolution, they will add even more to the debt.”

“The fact that Congress is likely to approve these measures even though they violate the budget resolution underscores the need for reforms to bring greater transparency and accountability to the budget process,” added MacGuineas. “Reforms such as making it more difficult to waive the Budget Act and requiring explanation and justification of Budget Act waivers would at least compel Members of Congress to acknowledge that these bills are busting the budget.”

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.

Background on Budgetary Impact of Highway Bill Reauthorization, Energy Bill and Supplemental Spending in Interior Appropriations

Highway Bill

The highway bill conference agreement would authorize \$286.5 billion in guaranteed spending from fiscal years 2004 through 2009. This represents an increase of more than 30% above the previous six-year highway authorization bill enacted in 1997. The spending level in the conference report exceeds the spending level proposed by the President and the amounts assumed in the budget resolution by \$2.5 billion. The budget resolution contained a mechanism allowing additional spending above the \$284 billion allocation provided in the budget resolution if it were offset by additional revenues. The conference report contains just over \$2 billion in additional revenues to the trust fund, but those offsets fell short of the \$2.4 billion in additional spending so, total spending exceeded the adjusted allocation by nearly \$400 million over five years.

Energy Bill

The conference report on the energy bill contains tax breaks with a net cost of \$7.9 billion over five years and increases in mandatory spending of slightly more than \$2.2 billion over the next five years. The revenue loss in the conference report does fit within the \$36 billion available under the budget resolution for tax cuts outside reconciliation. But, using so much of the tax cuts allocation for the energy bill increases the risk that additional tax cuts considered in the fall will exceed the allocation. The mandatory spending provisions exceed the allocation in the budget resolution by more than \$200 million over five years.

Interior Appropriations/Supplemental Appropriations for Veterans Health Care

The Interior appropriations conference report contains an amendment added in the Senate providing \$1.5 billion in supplemental appropriations for fiscal year 2005. The funds were designated as emergency spending and are not subject to the spending limits established by the budget resolution. As a result, total discretionary spending for fiscal year 2005 will exceed the budget resolution allocation by \$500 million. The conference report assumes that some of those funds would remain available to be spent in fiscal year 2006, but Congress may also plus up funding in the regular fiscal year 2006 appropriations bill. This funding was in response to the announcement by the Veterans Administration that there would be a budget shortfall for veterans' health care of \$1 billion in the current fiscal year and \$1.5 billion for fiscal year 2006. The administration has submitted supplemental spending requests totaling \$2.954 billion above the President's budget for fiscal years 2005 and 2006.