



PRESS RELEASE

COMMITTEE FOR A RESPONSIBLE FEDERAL BUDGET

FOR IMMEDIATE RELEASE

October 24, 2005

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The Committee for a Responsible Federal Budget Urges Congress to Proceed with Spending Cuts While Holding Off on Tax Cuts

WASHINGTON, DC – As Congress considers changes to the budget adopted earlier this year, the Committee for a Responsible Federal Budget urged Members to go forward with the spending cuts in the budget resolution and also considering additional savings, while holding off on the tax cuts planned for the coming year. The Committee reiterated its support for a revised budget resolution to reflect changes.

The current budget resolution calls for \$35 billion in savings from entitlement programs and allows for tax cuts of \$106 billion, including \$70 billion under fast-track reconciliation procedures. The net impact of the tax and spending policies assumed in the budget resolution would allow for an increase in the deficit of \$167 billion over the next five years.

Though concerns over widening deficits are mounting, the greatest priority for some in Congress seems to be dropping the planned spending reductions, while for others it is going forward with the tax cuts.

“The bottom line is that both further tax cuts and the failure to cut spending as planned will increase the deficit from what it otherwise would be,” said Maya MacGuineas, President of the Committee for a Responsible Federal Budget. “Now is the time for prudent budgeting—Congress should reassess its priorities in light of all the additional spending that has occurred this year, and hold off on deficit enlarging policies until we can reassess whether the tax and spending priorities in the budget adopted prior to Katrina are affordable in our new fiscal environment.”

“Going forward with tax cut legislation, or excluding areas of the budget from scrutiny and budget discipline at the same time Congress is making cuts in government programs in the name of deficit reduction will call into question the commitment to fiscal responsibility and increase public cynicism about the budget process. Meanwhile, the impact that Hurricane Katrina has had on our budget on top of the already serious fiscal challenges facing our nation makes it even more imperative that Congress at the very least approve the planned spending cuts called for in the budget resolution and ideally, find further savings. The entitlement savings being discussed are only a drop in the bucket compared to the savings that will be necessary to address our long term fiscal problems,” added MacGuineas.

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.