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A BUDGET RESOLUTION ON THE RIGHT TRACK

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The House and Senate Budget Committees have reported budget resolutions which appear to hold to the spending levels outlined in the 1997 Balanced Budget Agreement (BBA) while “walling off” Social Security revenues, providing Americans with modest tax cuts, and increasing spending critical to maintaining and preserving a strong national defense. Although Congress is on the right track, the challenge it now faces is whether or not it will maintain this framework as the debate over the fiscal year (FY) 2000 budget resolution moves to the floor and ultimately toward implementation.

The budget framework agreed to by Senate Budget Committee Chairman Pete Domenici (R-NM) and House Budget Committee Chairman John Kasich (R-OH) that is embodied in the resolutions reported by their committees rests on three central pillars:

- **Committing** 100 percent of the “off-budget” surplus to Social Security;
- **Maintaining** the spending caps agreed to in the 1997 Balanced Budget Agreement; and
- **Using** on-budget surpluses, when they become available, for tax relief.

Although Congress could do more to stem government waste and return money to the taxpayers this year in the form of tax cuts, the FY 2000 proposed budget resolution starts the budget process off on the right track. Both committees deserve

praise for restricting total discretionary budget authority to \$536.3 billion, the limit established in the BBA, while increasing federal defense spending by \$8 billion.

The strong spending limits laid down by Congress in the Balanced Budget Act of 1997 produced the current budget surpluses, and equally strong fiscal discipline will be required to protect them. By offsetting desperately needed increases in defense spending with reductions in wasteful, duplicative, obsolete, or unneeded domestic programs, Congress is poised to demonstrate its determination to protect future generations from foreign threats and the scourge of wasteful runaway government programs.

These budget resolutions were produced in a timely fashion with extensive consultation between House and Senate budget leaders. Consequently, there are few differences between the two resolutions, a fact which reduces, if not eliminates, the need for lengthy negotiations. At this point, Congress appears positioned to pass a budget resolution before the April 15 deadline first

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established by the Gramm-Rudman-Hollings Act. This would be only the second time Congress has met that deadline since it was established in 1986.

Two Cheers. In the spirit of not letting the perfect be the enemy of the good, the House and Senate Budget Committees have produced FY 2000 proposed budget resolutions that deserve two cheers. Congress appears committed to resisting the strong temptation to spend away the budget surplus.

Yet uncertainties remain. For example, the Internal Revenue Service will continue to collect more money from taxpayers than is needed to operate the federal government, because the budget resolution provides little in the way of tax relief for FY 2000. The committees are proposing approximately \$15 billion in unspecified tax relief in FY 2000, increasing to \$150 billion over five years and \$800 billion over ten years; but they are providing no details about the nature or timing of future tax reductions. In addition, the budget resolution proposes to “lock away 100 percent of the off budget Social Security Surplus” rather than just the two-thirds promised by President Bill Clinton. How this will be done and what it means for reform of the Social Security program remains unclear.

How to Stay on Track. If there is any hope for Congress to adhere to the proposed budget framework and deliver on its promises, it must remain mindful of the following:

1. **Do not bust the budget caps.** The strong spending limits laid down by Congress in the Balanced Budget Act of 1997 produced the current budget surpluses, and equally strong spending limits will be required to protect them.
 - Discretionary spending caps are credited by the Congressional Budget Office with eliminating deficits and producing surpluses;
 - All major decisionmakers, including President Clinton, have agreed on the need to increase investments in national security; and

- Increases in defense spending can and should be offset by reductions in domestic spending.

2. **Stick to the Balanced Budget Act deadlines.** The Appropriations Committees can help avoid an “end of the budget year train wreck” by being equally attentive to their own deadlines.
3. **Consult early and often.** Continual consultation between the House and Senate Budget Committees led to draft resolutions with few major differences, which helps minimize conflict.
4. **Recognize that convictions require courage.** The ink was not yet dry on the resolutions before they were attacked as “harmful to elderly, children and working families.” Almost every attempt at fiscal responsibility in the past 20 years has evoked accusations of callousness. By its very nature, fiscal responsibility means that some special interests will get less of the taxpayers’ money than they think they deserve. Standing up to them is part of the job of any elected official.

CONCLUSION

The House and Senate Budget Committees have completed a difficult task reasonably well and in a timely manner. Although the budget resolutions reported out of the committees are less than perfect, they move in the right direction. The House and Senate budget resolutions hold to the spending limits of the BBA, invest in a strong national defense, stabilize and reform Social Security, and begin to return on-budget surpluses to American taxpayers. The challenge for Members of Congress now will be to preserve this sound framework as the debate moves to the full House and Senate and to deliver on their promises to the American people.

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