



REPUBLICAN CAUCUS

THE COMMITTEE ON THE BUDGET

B-71 Cannon House Office Building
Washington, DC 20515
Representative Paul D. Ryan, *Ranking Republican*

Phone: (202)-226-7270
http://www.house.gov/budget_republicans/
Augustine T. Smythe, *Republican Staff Director*

CUT SPENDING NOW *DEMOCRATS' BUDGET FAILURE; REPUBLICAN SOLUTIONS*

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Having shoveled out trillions of dollars in new spending and debt, House Democratic leaders now admit they cannot budget for all of it – and won't even *try*. For the first time, the House will fail even to propose a budget. Instead the Democratic Majority will resort to an ad hoc, spend-as-you-go process that abandons any pretense of governing. Here are some key points about this budget collapse:

FAILURE TO BUDGET, FAILURE TO GOVERN

- **Threatens Job Creation.** The Democrats' budget failure further erodes confidence in Washington's intent to get Federal spending and debt under control – and creates even greater concern about impending tax hikes that will further hinder the private-sector job creation Americans desperately need. Washington's failure to control spending undermines sustainable economic growth and job creation.
- **Explodes Spending and Deficits.** With no budget, no priorities, and no restraints, the Democratic Majority will push spending to a record \$3.8 *trillion* in fiscal year 2011, and widen the deficit to a record \$1.5 trillion this year. Since the President took office, spending has exploded by \$1.8 trillion, including the failed "stimulus" bill, appropriations increases far above inflation, and the government takeover of health care, among others.
- **Exacerbates Debt Crisis.** By failing to address our Nation's greatest fiscal challenge, unsustainable entitlement spending, the President's budget – now the de-facto Federal budget – doubles debt held by the public in 5 years and triples it in 10 years – to an alarming 90 percent of gross domestic product.

REPUBLICAN PROPOSALS

While Democrats refuse to budget, Republicans have proposed several bills that could begin saving taxpayers' funds right now. Along with previous [calls](#) for specific cuts from Republican Leader John Boehner and Republican Whip Eric Cantor, these proposals – offered as real legislation – would cut spending *now* to spur job creation and help get our fiscal house in order. Much more needs to be done to rein in runaway spending, but the following proposals are a start towards reassuring the public, and the financial markets, that Congress is serious about getting spending, deficits, and debt under control.

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- **Cancel Unused TARP Funds.** Prohibit the Treasury Secretary from entering into new commitments under the Troubled Asset Relief Program [TARP]. *Ending TARP would prevent up to \$396 billion in additional disbursements; CBO estimates savings of \$16 billion.* H.R. 3140 introduced by Rep. Tom Price of Georgia.
- **Cancel Unspent ‘Stimulus’ Funds.** Rescind all unobligated budget authority authorized under the “stimulus” bill and dedicate to deficit reduction. *Saves up to \$266 billion.* H.R. 3140 introduced by Rep. Tom Price of Georgia.
- **Cut and Cap Discretionary Spending.** Return non-defense discretionary spending to pre-Obama (fiscal year 2008) baseline levels. *Saves up to \$925 billion.* Legislation introduced by Reps. Ryan and Hensarling (H.R. 3964) and Rep. Jim Jordan of Ohio (H.R. 3298) include caps on discretionary spending.
- **Reduce Government Employment.** Hire one person for every two who leaves civilian government service until the workforce is reduced to pre-Obama levels (exempting the Departments of Defense, Homeland Security, and Veterans Affairs). *Saves an estimated \$35 billion.* H.R. 5348 introduced by Rep. Cynthia Lummis of Wyoming.
- **Freeze Government Pay.** Freeze Federal civilian pay for 1 year. *Saves an estimated \$30 billion.* H.R. 5382 introduced by Rep. Michele Bachmann of Minnesota.
- **Adopt the Legislative Line-Item Veto.** Enact a constitutional line-item veto law. The President’s FY 2011 budget included terminations, reductions, and savings that would achieve \$23 billion in one year. While Congress may not accept all these savings, the Line Item Veto can help reduce spending. *H.R. 1294 introduced by Rep. Paul Ryan of Wisconsin.*
- **Reform and Bring Transparency to Fannie Mae and Freddie Mac.** Reform these companies by ending conservatorship, shrinking their portfolios, establishing minimum capital standards, reducing conforming loan limits, and bringing transparency to taxpayer exposure. *According to CBO, the cost to taxpayers of putting government in control of Fannie and Freddie is \$373 billion through 2020. Saves an estimated \$30 billion.* H.R. 4889 introduced by Rep. Jeb Hensarling of Texas. H.R. 4653 introduced by Rep. Scott Garrett of New Jersey.
- **Create a Sunset Commission.** Establish a commission to conduct systematic reviews of Federal programs and agencies, and make recommendations for those that should be terminated; and provide for automatic sunset of programs unless expressly reauthorized by the Congress. *H.R. 393 introduced by Rep. Kevin Brady of Texas.*

Table 1: Estimated Savings From Republican Spending Reduction Proposals

(in billions of dollars)

Proposal	Estimated 10-Year Savings
Cancel Unused TARP Funds	16
Cancel Unspent ‘Stimulus’ Funds	266
Cut and Cap Discretionary Spending	925 ^a
Reduce Government Employment	35
Freeze Government Pay	30
Reform Fannie Mae and Freddie Mac	30
Total	1,302

^a This estimate is based on returning non-defense discretionary spending to fiscal year 2008 baseline levels.
Note: The Legislative Line-Item Veto and the Sunset Commission would achieve savings subject to Presidential and congressional action. Therefore these bills are not displayed here.
Source: House Budget Committee Republican staff.