



PRESS RELEASE

COMMITTEE FOR A RESPONSIBLE FEDERAL BUDGET

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FOR IMMEDIATE RELEASE
April 29, 2005

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-- It's Time for Policy Makers to Get Serious about Reducing the Deficit --

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WASHINGTON, DC -- The Committee for a Responsible Federal Budget released a statement today expressing strong disappointment that the budget fails to set out a credible plan to reduce the deficit.

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For the first time since the 1997 Balanced Budget Agreement, the budget resolution conference report contains instructions to reduce mandatory spending. While the real challenge remains as Congress has to agree on policies to achieve these savings, it is encouraging that this budget recognizes that budgeting involves sacrifices and not just promising more goodies.

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Nonetheless, the budget has several serious shortcomings from a fiscal perspective:

- The deficit would actually increase by approximately \$166 billion above current law over the next five years because the costs of the tax cuts and increased spending for defense and homeland security significantly exceed the savings in mandatory programs and non-defense discretionary spending.
- The budget fails to reinstate pay-as-you-go rules for all tax or entitlement legislation that would increase the deficit.
- The reconciliation process, which was intended to make it easier to pass legislation making tough choices for deficit reduction, would be used to facilitate the passage of tax cuts that will increase the deficit.

“At the beginning of this year, there was tough talk about tackling the budget deficit,” said Maya MacGuineas, President of the Committee for a Responsible Federal Budget. “Unfortunately, the actions since then have shown no indication that policymakers have the stomach to match that rhetoric with actions.”

“The fact that Congress is willing to go forward with modest savings in mandatory spending is a positive development. However, the proposed savings in mandatory spending programs and cuts in discretionary programs have created considerable controversy without achieving any deficit reduction. This was a fairly painful budget negotiation for the outcome to be one that makes the budget deficit worse not better. In order to reach agreement on a plan to put the country on a sustainable fiscal path, all parts of the budget – taxes, entitlements, defense and domestic programs -- must be on the table.”

The Committee for a Responsible Federal Budget is a bipartisan organization committed to educating the public about issues that have significant fiscal policy impact. The Co-Chairs of the Committee are Bill Frenzel and Leon Panetta. The Committee is located at the New America Foundation. For more information, go to www.CRFB.org.

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