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REPUBLICAN CAUCUS

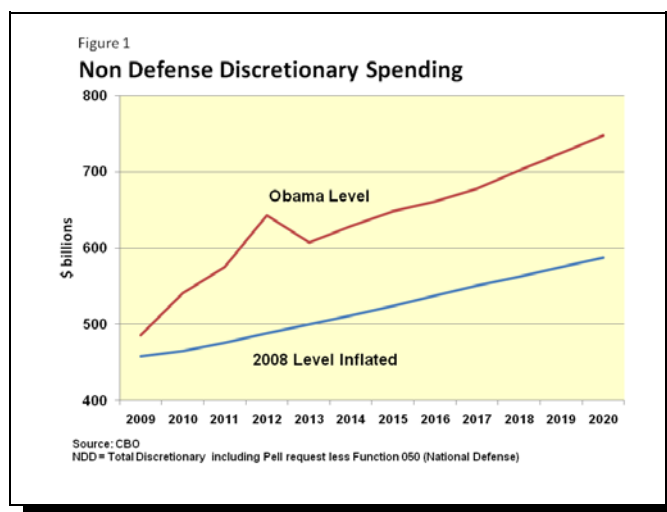
THE COMMITTEE ON THE BUDGET

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REPUBLICAN SPENDING REDUCTION PROPOSAL CUT AND CAP DISCRETIONARY SPENDING (saves up to \$925 billion over 10 years)

PURPOSE

- Since 2008, there has been an explosion in non-defense discretionary spending, even when “stimulus” spending is excluded. With the President’s signature on two omnibus appropriations bills, non-defense discretionary spending, excluding “stimulus,” has grown by 23.8 percent since he took office.
- For fiscal year 2011, the President proposes to increase non-defense discretionary spending by \$134 billion relative to the 2008 levels adjusted for inflation. The Blue Dogs have proposed to cap non-defense spending for 5 years, but their proposal would still allow spending to grow by \$98 billion this year alone relative to the 2008 level.
- Clearly, more can be done to restrain this enormous growth in spending. By returning non-defense discretionary spending to fiscal year 2008 levels, with an adjustment for inflation, Congress could save up to \$925 billion over 10 years (see Figure 1).



SUMMARY

- This proposal seeks to return non-defense discretionary spending to fiscal year 2008 levels, before President Obama took office, and then allow them to grow with inflation.

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- It would establish discretionary spending caps, enforced by budget points of order that require a supermajority for waiver, and by statutory limits enforced by across-the-board spending reductions if they are breached.

BACKGROUND

- Representatives Ryan, Hensarling, and Jordan have proposed legislation that would cap discretionary spending.
- Since Inauguration Day 2009, the President and Democratic Majority in Congress have pursued a relentless expansion of government. They have made what was a difficult fiscal and economic situation far worse, driving spending, deficits, and debt to unprecedented levels.
- This growth in government saps resources that would otherwise be available for economic growth and job creation. Moreover, because it is financed by borrowing, it drains the prospects for sustained, long-term growth and prosperity, and will eventually drive up interest rates, making it even more costly.
- A significant part of this expansion occurred in non-defense discretionary spending. Among the elements:
 - During his first month in office, the President signed an omnibus appropriations bill that resulted in a 10.3-percent increase in 2009 non-defense spending.
 - At the end of last year, the President signed another 2010 omnibus for non-defense discretionary that provided an additional 12.3-percent increase over 2009 enacted levels.
 - Including the increases in non-defense discretionary spending enacted in the “stimulus” bill, the President and the Democratic Majority in Congress have increased this spending by *84 percent*.

<p>This document was prepared by the Republican staff of the Committee on the Budget, U.S. House of Representatives. It has not been approved by the full committee and may not reflect the views of individual committee members.</p>
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