



REPUBLICAN CAUCUS

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FACT SHEET

THE SPENDING, DEFICIT, AND DEBT CONTROL ACT OF 2009

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A Legally Binding Federal Budget

- Gives the budget the force of law by converting it from a concurrent to a joint resolution, which requires the President's signature.
- Emergency reforms. Requires the President and Congress to budget for emergency spending by establishing budget reserves ("rainy day" fund) for emergency requirements.
- Enforces budget limits through sequesters (automatic spending cuts) and two-thirds 'super-majority' points of order.
- Sequesters. Broadens the base of programs subject to sequester, but limits sequesters to apply only to programs growing faster than inflation and cannot exceed 1%.
- Points of order. Raises the bar to waive budget points of order by requiring a super-majority vote. Provides "point-of-order protection" that prohibits adoption of rules that waive budget points of order.
- Government shutdown prevention. If Congress fails to enact appropriations bills by the fiscal year (Sept. 30) deadline, provides automatic authority to fund programs at the previous year's level.

Puts a Lid on Spending

- Discretionary caps. Establishes binding 10-year caps that would allow total discretionary spending to grow no faster than inflation.
- Mandatory caps. Establishes 10-year caps that prohibit expansions in mandatory spending unless offset by reductions in other mandatory spending.
- Total spending caps. Caps total spending to reduce the burden of government to no more than 20% of the economy by gradually reducing spending.

Gets Deficits and Debt Under Control

- Deficit caps. Reduces deficits as a share of the economy to no more than 2% of GDP.
- Repeals the automatic increase in the debt limit in the House (the "Gephardt rule").
- Deficit reduction accounts. Provides a mechanism through which Members can devote savings from spending bills to deficit reduction.

Addresses the Entitlement Crisis & Budgets for Long-term Liabilities

- Spending limit and benchmarks. In addition to a cap on total spending, establishes respective benchmarks for Social Security, Medicare, and Medicaid that accommodate benefits for those at or near retirement, while establishing a sustainable spending path.
- Long-term budget projections. Requires OMB and CBO to make 75-year budget projections and compare those projections with the spending limit and benchmarks for sustainability in Social Security, Medicare, and Medicaid.
- Authorizes reconciliation of long-term savings (beyond the current limit of the budget resolution's typical 10-year window, up to 75 years) in Social Security, Medicare, and Medicaid.
- 5-year Congressional review of long-term budget trends. Requires Congress to review long-term budget trends every five years to put Federal spending on a sustainable path and provides a fast-track legislative process to bring spending under control.
- Long-term unfunded obligations: 1) requires GAO and OMB to report annually the Federal government's unfunded obligations; 2) establishes a new point of order against expansion in unfunded obligations; and 3) requires both President's budget and budget resolution to show changes in unfunded obligations.

Enhances Oversight and Combats Waste, Fraud, and Abuse

- Biennial budgeting. Establishes a biennial appropriation and budget process to give Congress more time for oversight.
- Sunset commission. Sunsets Federal programs and establishes a commission to review and make recommendations to Congress on whether these programs should be reformed or continued.
- Earmark reform. Provides a moratorium on earmarks until a Joint Committee releases a study and report to reform the process.
- Legislative Line-Item Veto. Allows the President to send back to Congress wasteful spending for an up or down vote. Any savings are devoted to deficit reduction.
- Establishes a commission to eliminate waste, fraud, and abuse.

Transparency in Budgeting and Full Accounting of Obligations

- Fully reflects the cost of Federal employee pensions and post-retirement health benefits. Requires the accrual and budgeting of these obligations.
- Requires the budget to reflect the full cost of Federal credit programs.
- Calls for a study on reforms to budgetary treatment of Federal insurance programs, such as deposit insurance.

Other Budget Reforms

- Prevents reconciliation from being abused to create new entitlement programs.
- Provides a point of order against extraneous spending in appropriations bills.
- Suspends rule that term-limits Budget Committee membership, pending study and recommendations from a Select Committee.
- Reforms budget "baseline" to remove automatic inflation increases in discretionary accounts, and to require a comparison to the previous year's spending levels.