



CHAIR JODEY ARRINGTON

# HOUSE BUDGET COMMITTEE

## The Fiscal Responsibility Act Budget Committee Summary and Overview

From the beginning of this process, Republicans insisted that President Biden add fiscal restraint to accompany efforts to raise the debt ceiling. We believed that any effort to responsibly raise the debt ceiling should also include policies to *reduce out-of-control spending and grow our economy*. *The Fiscal Responsibility Act does both.*

- **We Rein-In the Runaway Bureaucracy.** By reducing FY 2024 spending compared to last year, we take a crucial first step toward getting our fiscal house in order. There is more work to do, particularly on the mandatory spending side of the budget. But this agreement rejects the spending status quo and moves us in the right direction.
- **We Get People Back to Work.** Americans overwhelmingly support work requirements for welfare benefits, and even President Biden supported them as a Senator. This is a key element of promoting economic growth and increasing the labor force.
- **We Institute New Controls and Reverse Biden's Reckless Spending.** We return the power of the purse back to where the Constitution put it: the people's representatives in Congress.
- **We Address the Failed Biden Economy And Return to Pro-Growth Policies.** By clawing back Democrats' bottomless spending spree and implementing permitting reforms, this legislation will help tame Biden's inflation crisis and put our economy back on a path to growth.

### Why We Need to Reduce Spending in Fiscal Year 2024

Democrats' out of control spending over the last two years has fueled inflation and kept the economy in a slump. This agreement begins to turn the tide. Compared to a clean debt limit increase with no spending restraint, or the possibility of a Continuing Resolution in September based on FY 2023 spending levels and allocations dictated by Nancy Pelosi and Chuck Schumer, this is a more constructive path.

- **Largest Non-Defense Reduction Ever:** The legislation reduces non-defense discretionary spending by \$40 billion (or 5.4 percent)—the largest ever reduction. Such spending would be limited to \$704 billion from last year's level of \$744 billion, a reduction of \$111 billion compared to the CBO baseline and \$105 billion below the President's request. Non-defense discretionary spending has previously increased in 32 of the last 37 years.
- **Non-Veterans, Non-Defense Spending Below FY 2022 Levels:** Non-defense spending, outside of veterans' medical care (assuming enactment of President's request of \$121

billion), would be limited to \$583 billion in FY 2024. This is a reduction of \$42 billion compared to last year (\$625 billion) and \$9 billion compared to FY 2022 (\$592 billion).

- **Defense Spending Increase:** The defense spending limit is \$886 billion in FY 2024, a \$28 billion or 3.3 percent increase compared to FY 2023 (\$858 billion).
- **First Discretionary Spending Cut in 11 Years:** The legislation provides a total discretionary spending limit of \$1.59 trillion (\$886 billion defense, \$704 billion non-defense) in FY 2024, a reduction of \$12 billion compared to FY 2023. This provides the first cut to base discretionary spending authority in more than a decade. The total spending limit for FY 2024 is \$110 billion below the CBO baseline and \$105 billion below the President's FY 2024 Budget.

### **How We Reduce Washington's Spending Spree**

#### **Stops the Student Loan Bailout for the Wealthy.**

The Fiscal Responsibility Act finally stops the federal student loan moratorium and interest pause (effective August 31, 2023).

- For every month borrowers were allowed to skip payments, **\$4.3 billion was added to the American taxpayers tab.**
- Forty-one months later, **the moratorium has cost American taxpayers approximately \$176 billion.**

#### **Rescind Excessive COVID Emergency and IRS Funds.**

We reclaim funding from Biden's excessive COVID stimulus packages and claw back his IRS's ability to audit small business and middleclass taxpayers.

- The bill rescinds nearly \$28 billion in unobligated funding from COVID spending bills.
- \$1.39 billion is slashed from the IRS's slush fund, equal to the amount the IRS planned to use on new tax enforcement agents.

#### **Require the Executive Branch to Offset Any Potential Future Spending Increases.**

Before the Executive Branch can finalize any covered discretionary action that increases direct spending by more than \$1 billion over 10 years or \$100 million in a single year, the agency head must submit a written notice—including the estimated budgetary effects of the action.

- We also require the Executive Branch to propose one or more administrative actions that reduce direct spending by more than or equal to the cost of the covered discretionary administrative action for the Office of Management and Budget (OMB) Director's review.
- If the OMB Director determines that no proposed offset is included, then the written notice is returned to the agency and the agency must resubmit the notice.

#### **Restore the Dignity of Work and Help Lift Americans Out of Poverty.**

We add new work requirements for able-bodied adults without dependents who receive money from federal welfare programs, which will help lift Americans out of poverty.

- Our bill resets the baseline for calculating caseload reduction credits and cracks down on state-led gimmicks that used Temporary Assistance for Needy Families (TANF) funds to fill budget holes instead of reconnecting Americans with work. The bill would also create a new pilot program for states to negotiate performance benchmarks for work and family outcomes.
- We also increase the maximum age of eligibility on work requirements for those receiving food stamps.

### **Streamline the Permitting Process to Help Us Compete Against China.**

Our legislation shortens the environmental review timelines and puts a lead agency in charge of a project's environmental review.

- We set a one-year deadline for producing environmental impact assessments and a two-year maximum for environmental impact statements.
- The bill expands an existing program to expedite federal permitting for infrastructure projects. It also adds energy storage to the list of covered projects eligible for streamlining under the FAST Act.

### **Force Congress to Maintain Higher Levels of Needed Defense Spending, Complete Appropriations Process.**

Sets defense spending at \$886 billion request for FY 2024, a \$28 billion increase over this year (3.3 percent increase).

- The legislation caps the defense budget topline for two years. For FY 2025, the bill caps the defense budget topline at \$895 billion—a \$9 billion increase over FY 2024 (a 1 percent increase).

If Congress does not pass all 12 appropriations bills by the end of December, this bill mandates a 1 percent budget cut that would apply to defense and non-defense spending.

*Note: Numbers based on assumption that discretionary spending is at the limits set forth in this bill.*