



COMMITTEE FOR A RESPONSIBLE FEDERAL BUDGET

Pay-as-you-go: An Important First Budget Step February 27, 2017

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Today, President Donald Trump released his first budget outline calling for an increase in defense spending. The following is a statement by President of the Committee for a Responsible Federal Budget Maya MacGuineas:

“While there is room for debate on where to spend federal dollars, with our current historically high national debt, there should be no debate over the principle that any increase in federal spending or reduction in revenues be fully offset.

It is encouraging that the administration is apparently proposing to offset the cost of increased defense spending, indicating they take the pay-as-you-go principle seriously.

We hope they commit to this standard throughout their full budget when it is developed.

Beyond sticking to the pay-as-you-go principle and committing to not make the problem worse, the administration needs to take action to make it better.

Domestic discretionary spending - what the administration proposed to cut today to pay for defense increases – only accounts for about 15 percent of spending and less than 5 percent of spending growth over the next decade. Social Security and health spending, on the other hand, account for half of total spending and almost two-thirds of spending growth over the next decade.

President Trump and administration officials have said in the past they will not propose any changes in Social Security and Medicare, even though both are on a path to insolvency. Entitlement reforms are necessary not only to protect those who depend on them but also to slow rising debt levels and create fiscal space for other programs, which are currently being crowded out.

We continue to urge the administration and Congress to put forth a comprehensive plan to put the debt on a downward path, grow the economy, and set America back on solid fiscal ground.

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