Center on Budget and Policy Priorities

820 First Street, NE, Suite 510
Washington, DC 20002

Tel: 202-408-1080
Fax: 202-408-1056

center@cbpp.org
www.cbpp.org

CBPP STATEMENT

For Immediate Release:
Wednesday, January 05, 2011

Contact:
Michelle Bazie, 202-408-1080, bazie@cbpp.org

STATEMENT OF ROBERT GREENSTEIN, EXECUTIVE DIRECTOR, ON THE NEW HOUSE BUDGET RULES

Today's vote by the new House majority to change the chamber's rules, making it easier to pass tax cuts that increase the deficit, contradicts many Republican members' anti-deficit rhetoric and marks a significant step away from fiscal discipline and toward the kind of rules that helped pave the way for the return of large deficits in the years after 2001.

The new rules will replace the current House pay-as-you-go requirement — that any tax cut or entitlement increase be offset by a tax increase or entitlement cut — with a much weaker, one-sided rule under which increases in entitlement spending will still have to be paid for but tax cuts won't. Also, an entitlement increase can be offset only by cutting another entitlement, not by revenue measures such as closing a wasteful special-interest tax loophole.

This means, for example, that the House will no longer be allowed to strengthen an entitlement program that helps low-income working families and pay for it by closing an egregious tax loophole. But the House will be able to *expand* tax loopholes — for wealthy individuals, powerful multinational corporations, or other special interests — *without* paying for them.

The new rules will also allow the House to use the fast-track "reconciliation" process, which Congress originally used solely to enact deficit-*reduction* packages, to pass tax cuts that would *increase* the deficit. (For details, see the Center report "House Republican Rule Changes Pave the Way for Major Deficit-Increasing Tax Cuts, Despite Anti-Deficit Rhetoric.")

Senate rules barring unpaid-for tax increases and the use of reconciliation to increase the deficit — as well as the statutory pay-as-you-go rule that calls for automatic spending cuts to offset any unpaid-for tax cuts or spending increases enacted despite Congressional rules — will remain in place. Still, the change in House rules will make it easier for House Republicans to pass politically appealing but fiscally irresponsible tax cuts, placing pressure on the Senate to go along by overriding its own rules.

The new House rules echo Congress's abandonment of strong budget enforcement rules in the early 2000s, which paved the way for enactment of unpaid-for tax cuts via the reconciliation process that contributed \$2.6 trillion to the budgetary deterioration between 2001 and 2010 and helped transform surpluses into deficits. If anything, the new rules are even more irresponsible than such practices were a decade ago, given today's swollen deficits. Sadly, these rules suggest that tax cuts, not deficit reduction, are House Republicans' true priority — and that they are willing to expand deficits to secure them.

# # #