
Statement of Robert Greenstein on the New Congressional Budget Agreement

The budget conference agreement, if adopted by Congress, will represent one of the most radical budget plans that lawmakers have adopted since they created the modern budget process in 1974.

That's no exaggeration. If they follow this plan, lawmakers would eviscerate substantial parts of the federal government — including parts that have previously enjoyed bipartisan support — and they also would violate the clear intent of the 2011 Budget Control Act (BCA).

Consider:

- *More than doubling the sequestration cuts:* Not content with the damaging cuts under sequestration, which is slated to return in full force in 2016, the plan would more than double the cuts in non-defense discretionary programs over the coming decade. These programs include education, job training, infrastructure, scientific research, medical research, veterans' health care, child care, and many other important areas. Starting in 2016, sequestration will cut them by an average of \$37 billion a year, on top of the cuts that the BCA's tight funding caps already impose. The new agreement adds another \$496 billion in cuts over the coming decade — an average of another \$50 billion a year.
- *Radically shrinking much of government:* Sequestration already will reduce non-defense discretionary spending in 2017, and each year thereafter, to the lowest level on record, as a share of gross domestic product (GDP), with data back to 1962. Yet the new agreement would slash it well below that, leaving total federal spending outside Social Security, Medicare, and interest on the debt at 7.2 percent of GDP by 2025 — about 40 percent below the average of the last 40 years, which was 12.2 percent.
- *Using a blatant gimmick to increase defense spending:* While slashing non-defense discretionary programs below sequestration, the plan effectively cancels most of sequestration on defense through a blatant budget gimmick that House Republican leaders like former House Budget Committee Chairman Paul Ryan said just a year ago would undercut the integrity of the budget process. For 2016, the plan provides \$38 billion more than the Pentagon says it needs for overseas military operations, with the express intent to channel the money into the base defense budget and thereby evade the BCA's caps on defense.
- *Magic asterisk:* To make the plan appear to balance the budget in ten years, the agreement magically assumes that revenues will remain at current-law levels, even as it assumes that Congress will repeal the roughly \$1 trillion in revenue-raising measures in the Affordable Care Act.

- *Robin Hood in reverse:* The agreement imposes the large majority of its budget cuts on programs for low- and modest-income Americans, even though such programs constitute less than one-fourth of federal spending. The plan would cause tens of millions of people to become uninsured or underinsured, cut support for working-poor families, and make it harder for millions of modest-income students to afford college.

The plan would likely weaken long-term economic growth by slashing funding for areas like education, research, and infrastructure that help promote growth. It would reduce opportunity by making college less affordable for students of modest means. It would increase poverty due to its deep cuts in health, nutrition, and other supports for the least fortunate Americans. And it would widen inequality that's already at or near its highest levels in nearly a century.

Fortunately, most of this agreement will not readily become law. But the agreement shows how far Congress has strayed from a positive, productive path. The nation needs to chart a very different one.