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U.S. HOUSE OF REPRESENTATIVES

# COMMITTEE ON THE BUDGET

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## Budget Resolution Tackles Wasteful Spending

The 2008 Democratic budget resolution reduces wasteful and low-priority spending by requiring offsets for any new mandatory spending, bolstering enforcement to crack down on wasteful spending, and reducing wasted expenditures for interest on the national debt.

***Pay-As-You-Go Rule Encourages Reduction of Low-Priority Spending*** — Because it follows the House Pay-As-You-Go rule, the budget resolution does not increase overall entitlement spending by one penny. Our budget includes deficit-neutral reserve funds for improvements to Medicare, children’s health insurance coverage, student loan benefits, energy alternatives, and the farm bill. These reserve funds force committees to identify wasteful or low-priority spending that can be cut to finance these initiatives.

***Budget Resolution Cracks Down on Wasteful and Fraudulent Spending*** — Our budget contains program integrity initiatives to crack down on wasteful and fraudulent spending and tax non-compliance, while ensuring that legitimate recipients of federal funds and law-abiding taxpayers are not penalized. To this end, the resolution includes provisions to allow more and better enforcement efforts in four areas that account for a sizeable share of overpayments and lost revenues. Dollars spent on enforcement efforts pay for themselves many times over by preventing program overpayments and increasing tax compliance (thereby reducing the \$300 billion “tax gap”). The areas targeted for increased program integrity investments are: Social Security continuing disability reviews, the Medicare/Medicaid Health Care Fraud and Abuse Control program, Unemployment Insurance, and IRS tax enforcement. According to OMB, federal agencies made over \$40 billion in improper payments in 2006.

***Budget Calls for Annual Performance Reviews*** — In addition to program integrity initiatives, the budget directs House committees to conduct regular performance reviews of key federal programs and to recommend measures to improve them. Committees are also directed to identify and eliminate unnecessary and wasteful spending. These efforts, in combination with the House Pay-As-You-Go rule and deficit-neutral reserve funds, will provide committees the capacity to fund critical priorities such as children’s health without additional spending.

***Budget Reduces Wasteful Spending on Net Interest*** — Interest on the debt represents wasted spending that, under more prudent fiscal policies, could be used for more worthwhile needs, such as education, homeland security, or improving our nation’s infrastructure. Net interest payments are more than \$230 billion per year and growing. The budget attacks wasteful spending by bringing the budget back to surplus by 2012, which will yield smaller annual interest payments.