



## SOS: Judd Gregg Calls for Federal Budget Reform

### Tax Policy Wire

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By Maya MacGuineas

Senator Gregg, Chairman of the Budget Committee, recently introduced a far-reaching budget reform bill, the purpose of which is to force action on many of the important fiscal issues Congress would rather sidestep. The "Stop Over-Spending Act of 2006" or the SOS Act, creates mechanisms to control government spending, reduce the deficit, and reduce the unfunded promises in the country's largest entitlement programs.

The bill includes deficit targets, discretionary spending caps and limits on emergency spending, a Medicare trigger that would require that any new mandatory spending be offset once Medicare becomes too large a drain on the rest of the budget, biennial budgeting, line-item rescission, reforms to the budget resolution and reconciliation processes, and two new commissions—one to address entitlements and one to review government spending.

The line-item veto would shift some power from Congress to the President; commissions shift power away from elected officials to outside experts; and triggers rely on defaults to replace the proactive type of decision-making one would hope to see demonstrated by Congress. But the fact is that Congress has not been willing to make hard choices.

Given where we are in the business cycle and the forthcoming baby boom retirement—which starts in less than two years—a good case can be made for deficit reduction goals more aggressive than those in Senator Gregg's bill. (The current goals would allow Congress to increase the deficit in each of the next three years before requiring deficit reduction in 2010 compared to the CBO current baseline.) The ongoing abuses to emergency spending must be addressed and the limits on emergency spending in the SOS Act would ratchet down the amount of emergency spending permitted to historical levels. The Medicare trigger would importantly focus attention on the growing costs of Medicare and halt all new direct spending until the program's growing claim on budgetary resources had been addressed. (Ultimately, controlling the costs of Medicare and Medicaid will require more comprehensive reform.)

All of these components serve important purposes and help focus political and national attention on getting control of fiscal imbalances. Senator Gregg should be commended for developing bold enforcement measures that help force action and serve as a check against fiscally irresponsible actions.

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