



## CHAIRMEN

MITCH DANIELS  
LEON PANETTA  
TIM PENNY

## PRESIDENT

MAYA MACGUINEAS

## DIRECTORS

BARRY ANDERSON  
ERSKINE BOWLES  
CHARLES BOWSHER  
KENT CONRAD  
DAN CRIPPEN  
VIC FAZIO  
WILLIS GRADISON  
WILLIAM HOAGLAND  
JIM JONES  
LOU KERR  
JIM KOLBE  
DAVE MCCURDY  
JAMES MCINTYRE, JR.  
DAVID MINGE  
JUNE O'NEILL  
PAUL O'NEILL  
MARNE OBERNAUER, JR.  
BOB PACKWOOD  
RUDOLPH PENNER  
PETER PETERSON  
ROBERT REISCHAUER  
ALICE RIVLIN  
CHARLES ROBB  
MARTIN SABO  
ALAN K. SIMPSON  
JOHN SPRATT  
CHARLIE STENHOLM  
GENE STEUERLE  
DAVID STOCKMAN  
JOHN TANNER  
TOM TAUKE  
GEORGE VOINOVICH  
PAUL VOLCKER  
CAROL COX WAIT  
DAVID M. WALKER  
JOSEPH WRIGHT, JR.

## The Budget Deal: Too Many Gimmicks, Too Few Reforms October 27, 2015

Negotiators filed a budget deal last night that would increase discretionary spending, raise the debt limit, delay the insolvency of the Social Security Disability Insurance trust fund, and prevent a spike in Medicare premiums. Although the Committee for a Responsible Federal Budget supports several elements of this legislation, we strongly oppose the flagrant use of budget gimmicks and are disappointed by the general lack of serious entitlement reform in the legislation.

“Rather than honestly pay for the full cost of sequester relief, this legislation relies on roughly \$32 billion of increases in war spending to backfill the security budget,” said Maya MacGuineas, president of the Committee for a Responsible Federal Budget. “And on top of this war gimmick, the bill uses a pension smoothing gimmick that is little more than a timing shift and double-counts the small savings from Social Security Disability Insurance both toward sequester relief and toward improving the solvency of its trust fund.”

In addition to \$32 billion of additional spending through the war accounts, the legislation would provide \$80 billion of sequester relief over two years, \$50 billion in FY 2016 and \$30 billion in FY 2017, paid for with a combination of reductions in farm subsidies, modest health savings, increased premiums for the Pension Benefit Guarantee Corporation (PBGC), asset sales, and other provisions. Several of these offsets, including reductions in agriculture crop insurance subsidies, increased PBGC premiums, and Medicare site of service reforms were included in our [Sequester Offset Solutions](#) plan. The bill also includes a freeze in Medicare premiums for 2016 for all beneficiaries, offset by slightly higher premiums in future years; and it includes modest reforms of the SSDI program to accompany a payroll tax reallocation extending solvency of the DI trust fund until 2022. In addition, the agreement would suspend enforcement of the federal debt limit through March 2017.

“There is no question Congress must raise the debt ceiling, but that doesn’t mean it needs to add more to the debt in the process,” MacGuineas said. “While many of these pay-fors represent an improvement over the sequester cuts – and some will even offer growing deficit reduction over time – few if any represent the type of structural tax and entitlement reform the sequester was meant to encourage. And the improvements to the SSDI program do far too little to put that program on a better track.”



“Rather than rely on budget gimmicks and half measures, policymakers should look to examples like those put forward in Congressman Scott Rigell’s America First Act or the additional savings in our Sequester Offset Solutions to permanently replace the sequester with long-term deficit reduction. We need real solutions, not budget gimmicks, if we want to truly fix our long-term debt.”

###

For more information or to request an interview with an expert, contact Jack Deutsch at [deutsch@crfb.org](mailto:deutsch@crfb.org).