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## FY 2025 & 2026 Budget Resolution Principles

January 24, 2025

A fiscally responsible budget resolution should abide by the following principles:

### Set a meaningful fiscal goal with a plan to meet that goal

- The fiscal goal should, at a minimum, put debt on a downward path as a share of the economy over the ten-year window and beyond.
- Set out a plan to meet that goal, free of gimmicks or unrealistic assumptions.

### Include a plan to control the growth of mandatory spending

- Include significant and achievable savings targets to slow the growth of mandatory spending programs, along with credible examples.
- Include reconciliation instructions for all assumed mandatory savings.

### Provide for fiscally responsible tax reform

- Include reconciliation instructions for pro-growth tax reform that is preferably deficit-reducing and at the very least, deficit-neutral relative to current law.
- Devote any increased revenues from dynamic growth to deficit reduction.

### Set responsible, achievable, and enforceable discretionary spending levels

- Set realistic discretionary levels, complying with Fiscal Responsibility Act caps and showing a path to extending enforceable caps.
- Limit emergency and other spending outside the FRA caps and establish criteria for emergency spending.

### Enforce the PAYGO requirement that legislation not add to the deficit

- Require full offsets for any bill that reduces revenues or increases mandatory spending so that it does not add to the deficit.
- Maintain and strengthen PAYGO and other rules prohibiting legislation that would increase the deficit over the medium or long term.

### Rely on credible and realistic assumptions

- Use economic assumptions from the Congressional Budget Office.
- Require “current law” baseline rules for evaluating costs of legislation.
- Do not rely on large, unspecified spending cuts.

### Improve the budget process and budget enforcement

- Ensure strict enforcement of spending and revenue levels in budget resolution and make it more difficult to waive budget limits by stricter procedural controls.
- Strengthen prohibitions of fake savings and other budget gimmicks.