



To: Interested Parties
From: Heritage Action for America
Date: December 05, 2017
Subject: **Fiscal Sanity in the Year End Budget Deal**

Government funding for defense and domestic agencies will expire after [Friday, December 8](#). Congress is expected to vote on a temporary two week spending bill – a continuing resolution, or CR – to further negotiations over an omnibus spending bill that funds the remainder of the fiscal year.

Conservatives are rightly concerned that a funding deadline the Friday before a major holiday is disadvantageous to good policy making. It would empower some lawmakers that are seeking to exploit the last minute nature of a government “shutdown” while Americans are spending time with their families. Those lawmakers are seeking a budget deal that defies fiscal sanity – raising out-of-control spending without any enforceable fiscal restraints – and an untold number of big-government policy add-ons ranging from Obamacare bailouts to amnesty.

A Conservative Budget Deal

Last month, media reports suggested congressional leaders are moving towards a two-year budget deal that would raise the Budget Control Act (BCA) spending caps by at least \$182 billion – the highest amount since BCA’s enactment in 2011. That number is likely to go even higher, especially with the expected inclusion of tens of billions of dollars for hurricane rebuilding efforts in Texas, Florida and Puerto Rico. There is [extra incentive](#) this December to break the BCA caps – any increase in spending above current law will trigger automatic across-the-board spending cuts, or sequestration, this January.

Fortunately, there are other options for a budget deal that can both curb spending and provide our military with tools they have been lacking for over a decade.

Keep the Cap. Congressional Republicans should reject the inevitable Democrat insistence on “parity” and creation of an arbitrary “firewall” between defense and nondefense spending. The Trump administration supports elimination of the firewall and doing so is finally practical under unified Republican government. Offsets in defense spending should come from reducing and reforming domestic spending programs. (See *The Heritage Foundation’s recent report [Reform the Budget Control Act Spending Caps](#)*.)

Defense funding should be prioritized by establishing a newly aggregated cap that maintains current net BCA spending levels for FY 2018 and extends newly aggregated caps through at least their current expiration in FY 2021. (See *The Heritage Foundation's [Blueprint for Balance](#), which recommends \$87 billion in cuts that could be made in 2018 while providing over \$80 billion in additional funds for national defense.*)

Legitimate Offsets for New Spending. If these reforms cannot be achieved, Republicans at the very least should find real offsets in exchange for breaking the caps under current law. (See *The Heritage Foundation's [Blueprint for Reform](#), which includes major reforms essential to improving the budget outlook and avoiding a future debt crisis.*)

Use OCO to Fund Defense. If bipartisan consensus is unachievable for the common sense reforms listed above, congressional Republicans should consider using Overseas Contingency Operations (OCO) to adequately fund defense for the remainder of FY 2018. This would allow the Trump administration to deliver on its promise to increase defense spending without requiring additional domestic discretionary spending. To be clear, OCO is a massive budgetary gimmick and should be used only as a last resort. (See *The Heritage Foundation's [Six Budget Gimmicks to Watch for in the December Budget Deal](#).*)

As Heritage economist Steve Moore [advised](#), Republicans need to realize that BCA's sequester enforcement, while imperfect, has yielded huge victories in fiscal restraint. Of course, Congress can always modify or repeal any aspect of the BCA through new legislation, as they have several times in the past. Republicans should keep in mind that for nearly a decade they rightfully criticized President Obama and liberals for their embrace of massive spending and failed experimentation in Keynesian economics.

Budgeting is an essential act of governing – and assigning blame on the Obama years for “kicking the can down the road” bears little credibility when even worse [numbers are coming in](#). The hypocrisy of passing another end-of-year trillion dollar omnibus spending package is glaring and would remain so throughout the 2018 election cycle. One would hope that the same Republicans who made meaningful tax reform a reality and progress in repealing Obamacare could also reach a better budget deal than [Obama-Boehner](#).

The Budget Control Act is one of the very few remaining tools that promote fiscal sanity. In addition to maintaining the current caps, Congressional Republicans should extend the BCA with needed reforms, rein in federal spending without reliance on budgetary gimmicks, and begin restoration of U.S. military strength needed in the 21st century.

Related:

[Congress Could Soon Face a Budget Fight. Here's How Lawmakers Can Rein in Spending Strengthen the Budget Control Act, Don't Abandon It](#)
[The Military Rebuild Needs to Start in 2018](#)
[Blueprint for Balance: A Federal Budget for Fiscal Year 2018](#)