



May 31, 2011

The Honorable Jack Kingston
United States House of Representatives
2372 Rayburn House Office Building
Washington, DC 20515

Dear Representative Kingston,

On behalf of the 362,000 members of the National Taxpayers Union (NTU), I write in strong support of your “Returning to Responsible Fiscal Policies Act,” which would phase in a limit on federal spending amounting to 18 percent of Gross Domestic Product (GDP). By capping spending at a level in line with historical revenue averages, your proposal would allow us to escape from the unsustainable cycle of tax-spend-and-borrow that continues to push America ever closer to financial ruin.

In the past decade, our deficit has grown like a cancer, with government spending metastasizing to the point where it now terminally threatens the fiscal health of the United States. The moderate spending discipline of the 1990s has quickly eroded to the point where federal outlays now seem permanently locked in well above the postwar average for revenues of 18 percent of GDP. Rather than recalibrate this dire trajectory, Congress and Presidents have consistently ignored or worsened it. Federal leaders failed to grapple with our broken entitlement system, instead choosing to add to their size and scope while also piling on trillions in so-called “crisis response” spending such as the Troubled Asset Relief Program and economic stimulus.

As a result, the federal government has produced deficits in 44 of the last 50 years, and our debt looms perilously close to the point of exceeding our entire economic output. While the causes of the recent spending spree are myriad and complicated, your bill would enact a straightforward yet potent remedy. It would gradually reduce spending from 23 percent of GDP in Fiscal Year 2012 to 18 percent in 2016, a level better reflecting the typical postwar share of economic output that federal revenues have represented. If these caps are exceeded, your bill would ensure that a series of automatic and proportional cuts would occur within three categories of spending (direct, security-related discretionary, and non-security related discretionary) based on each category’s level of growth from the previous year. Finally, your legislation improves on past iterations of spending cap legislation by ensuring that no expenditures, with the exception of interest on the national debt, would be exempt from cuts, and strictly limiting emergency spending, which has often been a vehicle for bypassing budget rules.

For decades, NTU has been one of the most strident voices in support for durable, structural reforms budget-process reforms. While we continue to believe that a Balanced Budget Amendment to the Constitution is vital to long-term financial stability, the “Returning to Responsible Fiscal Policies Act” is a clear and capable blueprint for beginning the task of spending reduction right away. For that reason, NTU endorses your bill and we will urge its inclusion as a necessary condition to any increase in the debt ceiling.

Sincerely,

Brandon Greife
Federal Government Affairs Manager