



Safeguarding our Financial Future with Responsible Federal Spending

Vision and Principles:

The federal government should spend no more than necessary to fulfill its appropriate constitutional role. Total federal spending should be limited as an effective check on the size of government and to limit what is taxed from residents. This proper role of government protects the freedom of individuals to pursue their own wellbeing and allows strong civil institutions and self-reliance to flourish, creating a society of equal rights and mutual benefit in which people succeed by creating value for others.

Today, the federal government has vastly overstepped the Founders' vision for limited government, as lawmakers expand the size and scope of government, but are reluctant to raise taxes to pay it and even more reluctant to rein in spending.

Federal spending is increasing both in real terms and relative to the size of the overall economy. Total federal spending will top \$4 trillion in 2018 for the first time ever, which is 20.8 percent of GDP and surpassing the historical average of 19.9 percent. In more relatable terms, spending is now \$33,000 per household.

Worse, federal spending is steadily rising. In just ten years it will top \$7 trillion, or 23.3% of GDP. Social Security, Medicare and Medicaid are the biggest mandatory programs, and their unchecked growth is driving most of this spending explosion. In 2028 these three programs alone are projected to reach nearly \$4 trillion, nearly the size of the entire budget today, and comprise 56 percent of all federal spending,

Federal spending doesn't stimulate the economy; it's a drag on the economy. It distorts markets, picks winners and losers, and creates perverse incentives for individuals, investors, businesses and industries to pursue more government handouts instead of creating more value for themselves or their customers.

It's time for Congress to take a stand against out-of-control spending.

The following principles will help start to rein in federal spending and safeguard our financial future:

- ▶ Congress and the president should not spend more than is necessary to fulfill the government's appropriate constitutional role.
- ▶ Strong budget controls should slow the growth of government and limit unreasonable tax or debt burdens on the American people.
 - It's not sufficient to just pay for new spending by cutting spending elsewhere. Total spending must be reduced.

- ▶ Federal spending should be sustainable and responsible, without perpetual deficits or massive debt levels.
 - Ideally, government should not raise more tax revenues than it spends, but the opposite also holds – government should not perpetually spend more than it takes in to run huge deficits and issue high and increasing levels of debt.
 - The US debt-to-GDP ratio should be stabilized and then put on a downward trajectory.
 - ▶ The biggest drivers of spending and debt – Social Security, Medicare and Medicaid – must be reformed to meet their primary objectives over the long term without imposing harmful or rising fiscal and economic burdens on society.
 - These reforms must improve incentives and equity between participants, and reflect the changing economic and demographic realities of the 21st century.
 - ▶ Politicians should not distort the market or pick winners and losers through spending policies that reward select well-connected companies and industries at the expense of everyone else.
 - ▶ Lawmakers should not attempt to prime the economic pump through stimulus spending during downturns or any other time. They are not effective, crowd out private business activity and waste taxpayer funds.
 - ▶ Welfare and means-tested programs should be designed to help those who are truly in need in a sustainable way that respects taxpayer dollars. Taxpayer resources should be prioritized for the most vulnerable.
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What federal lawmakers should do to address government overspending today:

- ▶ Do not enact new spending measures unless they are accompanied by legitimate new spending offsets or other reforms that will lower costs in other ways.
 - Offsets should be real and accompany new spending in the same fiscal year, not promised future cuts.
 - New spending should only be short-term and temporary to prevent runaway spending.
- ▶ Set priorities across the entire budget in order to keep spending limited.
 - Federal spending should reflect both the policy priority for a given issue and the taxpayer priority that the total budget is limited and affordable.
- ▶ Roll back and eliminate huge corporate welfare programs such tax extenders, the farm bill, and industry support programs like the Export-Import Bank and the Overseas Private Investment Corporation (OPIC).
- ▶ Freeze and then roll back non-core functions and programs, phase out ineffective programs.
- ▶ Rein in and reform mandatory spending including Social Security, Medicare and Medicaid.
- ▶ Cap total spending levels which allow for reasonable levels of growth.