

INTRODUCTION

A Blueprint for Balance

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The *Blueprint for Balance: A Federal Budget for Fiscal Year 2020* is The Heritage Foundation's budget proposal to guide Congress in its constitutional exercise of the power of the purse.¹ Specifically, the *Blueprint*:

- **Balances** the budget in 10 years on a static basis;
- **Balances** the budget in six years on a dynamic basis;
- **Reduces** spending by \$10.8 trillion over 10 years;
- **Reduces** deficits by \$9.9 trillion over 10 years;
- **Reduces** revenues by \$850 billion over 10 years;
- **Reduces** publicly held debt as a percentage of GDP to 61 percent;
- **Strengthens** national defense, the federal government's core constitutional function;
- **Reforms** entitlement programs, the main drivers of spending and debt;
- **Makes** the Tax Cuts and Jobs Act's reforms permanent, eliminates tax credit subsidies that distort markets, and further advances pro-growth tax policy;
- **Eliminates** budget gimmicks and reforms the federal budget process;
- **Right-sizes** federal spending by eliminating programs that fall outside the federal government's constitutional role, produce favoritism, and limit opportunity; and
- **Protects** religious liberty and strengthens civil society.

Budgeting is an essential act of governance. Everything the federal government does, including regulating and enforcing laws, it does by either spending or taxing. The federal budget affects every aspect of federal governance and offers a direct reflection of the government's relationship to the American people.

Because of its size and scope, the federal budget has a direct and significant impact on Americans' ability to realize their potential, engage in economic transactions, exercise their religious freedom, provide for their families, contribute to their communities, and pursue their version of the American Dream.

The Heritage *Blueprint* paves a clear path to balancing the federal budget with detailed and specific recommendations across all budget categories, from right-sizing annual appropriations to reforming entitlement programs and privatizing certain federal assets. In addition, important legislative policy riders provide specific proposals by which Congress can leverage the annual appropriations process to advance conservative policy objectives.

Chapter One presents the current fiscal outlook, based on the Congressional Budget Office's most recent *Budget and Economic Outlook*.² It explains

what is driving today's and tomorrow's high deficits and debt and what it will take to change course. It also articulates the threats from debts and deficits that are too high and rising and their severe impact on the American people and the state of the Union.

Chapter Two addresses the key drivers of growing federal spending and debt head on. It discusses the primary drivers of spending growth in Social Security and the major federal health care programs—Medicare, Medicaid, and Obamacare—and how current program design is making many Americans worse off while threatening younger generations with undue tax and debt burdens. It offers concrete reforms focused on protecting the most vulnerable while giving individuals and families greater control and ownership of their health care and financial well-being.

Chapter Three explains the congressional budget process and why it is important for Congress to follow the budget law and engage actively and regularly in authorizing, reviewing, and exercising oversight of federal spending and taxing. It articulates the critical importance of placing limits on federal spending and provides specific recommendations to improve transparency, accountability, and enforcement in the federal budget process.

Chapter Four addresses America's tax code by reviewing the successes of the Tax Cuts and Jobs Act and highlighting areas for further improvement, including making the existing tax cuts permanent and expanding on them with pro-growth policy reforms to enable Americans to flourish and attain financial security in a strong economy that thrives on investment and job creation. It also highlights tax credits

that in reality are narrowly targeted subsidies that distort both the tax code and the economy and recommends their repeal.

Chapter Five presents concise summary statements of conservative policy priorities and key reforms to accomplish them. This chapter deals with policy issues as far-reaching as improving transparency and accountability in the federal government, restoring federalism, reducing the Federal Reserve's discretion in monetary policy, eliminating trade barriers, and ensuring that America's vital infrastructure needs are met, among many others.

Chapter Six offers specific discretionary, mandatory, and one-time savings proposals that range from programmatic spending reductions, to recommending the elimination of various activities that are better suited for the private sector and state and local levels of government, to privatizing certain federal assets. The chapter is organized by appropriations subcommittees because that is how Congress organizes itself.

Congress should follow the law and pursue a budget resolution in FY 2020, including reconciliation instructions that pave the way to balance, with reforms that enhance freedom and opportunity, strengthen national defense, and allow civil society to flourish. We hope Congress will find the *Blueprint for Balance* to be an essential guide in accomplishing this task, and we hope the American people will find the *Blueprint* to be equally essential in helping them to hold their elected officials accountable for their action (or lack of action) to correct the nation's currently unsustainable fiscal course.

ENDNOTES

1. Constitution of the United States, Article I, Section 9.
2. Congressional Budget Office, *The Budget and Economic Outlook: 2019 to 2029*, January 2019, <https://www.cbo.gov/publication/54918> (accessed April 14, 2019).