

## Conservative Action Project

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The Conservative Action Project (CAP), founded in 2008 by many conservative leaders with former **Attorney General Edwin Meese III** serving as the Founding Chairman. CAP is currently chaired by **The Honorable Becky Norton Dunlop** and is designed to facilitate conservative leaders working together on behalf of common goals. Participants include the CEOs of over 100 organizations representing all major elements of the conservative movement-economic, social and national security.

### Memo for the Movement

#### *Congress Must Prioritize Responsible Spending in Year-End Deals*

November 20, 2017  
Washington, D.C.

For years, conservatives have been sounding the alarm on growing debt and deficits. A red tidal wave of debt threatens the health of the economy, business creation, the ability of families to create wealth. In doing so, exploding debt threatens no less than the American dream.

When Republicans obtained unified control of the government in January, many conservatives expected a return to fiscal discipline, and an effort to control the massive growth in deficits that occurred under President Obama. Unfortunately, Congress has so far failed to prioritize debt management and deficit reduction.

As Congress approaches the December 8 deadline to fund the government, we urge the House and Senate use this as an opportunity to return to responsible fiscal management. Specifically, we call on Congress to take the following actions.

**Maintain the domestic spending cap passed in the Budget Control Act (BCA).** According to numerous press reports, Members of Congress are discussing a potential deal that would remove the non-defense discretionary spending cap. This would be a mistake.

The BCA spending caps represent one of the most significant fiscal retrenchments in decades. After years of unfulfilled promises to cut spending, the BCA has actually done it. Since its implementation in 2011, discretionary spending, adjusted for inflation, has been cut by 16 percent from its peak of \$1.3 trillion.

If Congress undoes spending caps now, it will undo the first consecutive stretch of declining federal outlays since President Eisenhower's first term in office. We urge Republicans in Congress to maintain their commitment to fiscal discipline and keep the non-defense discretionary cap in place.

**Do not bail out health insurance companies.** Sen. Patty Murray (D-Wash.) and Sen. Lamar Alexander (R-Tenn.) have openly contemplated a bailout of the health insurance companies by reinstating cost-sharing reduction payments (CSRs). These payments were initiated unilaterally and illegally by the Obama administration, and have been rightly terminated by President Trump.

According to recent analysis by the Congressional Budget Office (CBO) the bailout contemplated by Sens. Murray and Alexander would provide \$4 to \$5 billion to health insurance companies, on the backs of the taxpayer. This would be far larger than any benefit that consumers would receive from the legislation. Worse still, CBO estimates that this bailout would not actually reduce federal spending. In fact, CBO's analysis suggests that overall federal spending will rise as insurers pocket some of the federal bailout money instead of giving consumers a break on costs.

Bailing out health insurance companies is not the answer to rising healthcare costs, nor is it the panacea to a failing system. Obamacare is a policy failure and Congress needs to repeal it. It is unthinkable that, after promising to repeal this law for nearly a decade, Republicans in Congress have still failed to do so.

The only future action on Obamacare that is acceptable to conservatives is full repeal.

**Pay for future emergency spending.** Since September, Congress has approved more than \$50 billion in disaster assistance to pay for hurricane-related damage around the country. In many cases, this money has been wisely spent. In others, it has not. For example, in a \$36.5 billion disaster relief package passed in October, \$16 billion went to bail out the financially troubled National Flood Insurance Program without instituting oversight or reforms.

Spending of this nature cannot continue unabated. In just the last fiscal year, government spending increased the deficit by \$82 billion, taking the total deficit to \$666 billion.

Any future disaster spending must be offset with cuts elsewhere. We applaud the efforts of the Office of Management and Budget, which provided a list of \$5.6 billion in suggested offsets to Congress, which were later ignored by lawmakers. Likewise, the President's budget contains more than \$50 billion in cuts to discretionary spending that could be used as offsets.

With dangerous levels of debt, we urge Republicans in Congress to exercise responsible fiscal management and provide offsets to future disaster assistance.

Growing debts and deficits threaten the American economy and the fulfillment of the American dream. We urge Congress to again make fiscal discipline a priority.

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