



The Daily Dish

A Friday Surprise

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Eakinomics: A Friday Surprise

Friday's surprise document release was not confined to the Mueller report. In addition, Senator Mike Enzi released his [Chairman's Mark](#) for the Fiscal Year 2020 Senate Budget Resolution. (For more details, see AAF's [insight](#) from Gordon Gray.) The surprise was not that the Budget Committee was pursuing a resolution; the surprise was that the budget was utterly realistic and not a mere messaging document. The typical messaging budget is built on a rosy economic scenario; the Chairman's Mark assumes the Congressional Budget Office (CBO) economic projections.

In recent years, it has been common for budget resolutions to pretend to come to balance over 10 years, regardless of the size of deficits the country is facing. The Chairman's Mark differs in two important ways. First, it covers only the next 5 years. That eliminates the artificiality of big deficit reduction in the second 5 years of a 10-year window. Second, it cuts total deficits by \$538 billion over those 5 years, but leaves a deficit of \$748 billion (2.9 percent of gross domestic product or GDP) in 2024. That's a much more realistic outlook.

It achieves this with a combination of \$179 billion in increased revenue and \$362 billion in mandatory spending reduction. One notable feature of the budget is its treatment of discretionary spending. At the end of fiscal year 2019 (on September 30), the deal reached in the Bipartisan Budget Act of 2018 expires and discretionary spending snaps back to the budget caps imposed by the Budget Control Act ([BCA](#)). The Chairman's Mark meets the BCA caps, but "creates the infrastructure to adjust these levels if an agreement on revised funding levels is reached to fully meet defense needs." In English, Congress can spend more on defense and non-defense discretionary spending and still comply with the budget resolution if it reduces mandatory spending to offset the increase.

The proposed resolution is a sensible, modest approach. It would be a pleasant surprise any day of the week.