



April 27, 2018

Support the Penny Plan Balanced Budget, S.Con.Res. 36

On behalf of FreedomWorks activists nationwide, I urge you to contact your senators and ask them to support the Penny Plan Balanced Budget, S.Con.Res. 36, introduced by Sen. Rand Paul (R-Ky.). The budget would repeal the Bipartisan Budget Act of 2018, utilize the penny plan for bringing federal spending under control, expand health savings accounts, and implement true budget process reform. Every one of these proposals is desperately needed when our country is staring down a debt-to-GDP ratio in 2028, in which debt held by the public nearly eclipses the size of the economy. This type of spending growth is unsustainable and the Penny Plan Balanced Budget proposes a way to rightsize the fiscal outlook of our country.

The key to this resolution is that it balances the budget over the next five years by incorporating the “penny plan.” This plan stipulates that for every one dollar the federal government spent in fiscal year 2018, it spend one penny less for the next five years, at which point the budget balances. At that point, spending will increase steadily at only one percent per year, maintaining balance. Importantly, it makes no specific policy assumptions, creating a new budget function to reflect the savings and allowing Congress to choose where it makes its cuts. It also does not make any changes to Social Security.

It assumes the repeal of the Bipartisan Budget Act of 2018, which is crucial to returning our country to balance. The atrocious spending deal cut between Republican and Democratic leaders in February of this year blew through caps put on discretionary spending by nearly \$300 billion over two years. It was this deal that allowed for appropriations at the budget-busting level of \$1.3 trillion seen in the Consolidated Appropriations Act, or omnibus, that became law in March. These together indulged Washington’s spending addiction, at the expense of the taxpayers those in Washington are elected to protect.

Furthermore, the Penny Plan Balanced Budget provides reconciliation instructions to the Senate Finance Committee to allow for expansion of health savings accounts (HSAs). The plan for

expansion includes the often-discussed increase in contribution levels and ability to pay premiums with HSAs. Additionally, it includes widening eligible disbursements beyond this to also include supplements, over-the-counter medication, and other health-associated costs.

The Penny Plan Balanced Budget offers real promise in reforming the severely broken budget process. Reconciliation was meant to be a tool used often to keep checks on federal spending, but it has not been used as such. This budget would provide reconciliation instructions to all committees that deal with mandatory spending, and allow them to use reconciliation to reduce the deficit from mandatory spending that runs through their committee.

Also of significant note is a provision that would create a point of order against packaging more than three appropriations bills together. This would add a safeguard against the passage of huge omnibus spending bills that irresponsibly drive our nation ever deeper into debt. This budget also institutes other reforms pertaining to budget points of order, changes the process for emergency legislation, and makes budget spending totals enforceable for ten years instead of just one.

As the only budget introduced in the Senate, it has been placed directly on the calendar and Sen. Paul intends to force a vote on it on the floor of the Senate in the coming weeks. For all fiscally conservative members of the Senate, this budget offers real promise -- and, in fact, the only promise at present -- to balance the budget and hold their other Senate colleagues accountable to the fiscally responsible standard expected of their constituents across America. For these reasons, I urge you to contact your senators and ask them to support the Penny Plan Balanced Budget, S.Con.Res. 36.

Sincerely,

A handwritten signature in black ink, appearing to read 'Adam Brandon', with a stylized flourish at the end.

Adam Brandon
President, FreedomWorks