TAXPAYERS for COMMON SENSE

March 26, 2025

Dear Representative,

The nation is in the midst of a fiscal crisis. The national debt has surged past $36 trillion. This year alone, American taxpayers will shoulder a $1 trillion burden just to service this debt—a cost that will continue to grow. As Congressional committees begin their crucial work on the reconciliation package, we implore you to prioritize fiscal responsibility. It is imperative that this package be deficit-neutral and avoid further deterioration of our nation's already bleak fiscal outlook.

The House-passed budget resolution presents a sobering picture of our fiscal challenges. With a price tag of approximately $3 trillion over ten years, it outlines a series of measures that could significantly impact our nation's financial health.

The resolution instructs the Ways and Means Committee to allow for increased deficits of $4.5 trillion over the next decade to extend expiring provisions of the Tax Cuts and Jobs Act (TCJA) and enact additional tax cuts. However, it's crucial to recognize that our country's fiscal landscape has changed dramatically since the TCJA's enactment. In 2018, when the TCJA provisions took effect, our total debt stood at $20 trillion. Now, a mere seven years later, that figure has nearly doubled. This rapid escalation of debt underscores the need for cautious and judicious fiscal policy.

The Congressional Budget Office (CBO) projects that the FY25 budget deficit alone will add another $2 trillion to the debt. This projection doesn't even account for the additional deficit-financed measures proposed in the reconciliation package, painting an even bleaker fiscal picture.

The resolution also tasks seven House committees with producing reconciliation recommendations that together achieve at least $2 trillion in net deficit reduction over the next decade. If they fall short, the Budget Committee Chair is required to reduce the $4.5 trillion reconciliation instruction for the Ways and Means Committee—along with its budget allocations—by the amount of the shortfall. While these efforts at deficit reduction are commendable, they are overshadowed by the proposed tax cuts.

According to the CBO, if all provisions of the TCJA are extended, federal debt would rise to 214% of Gross Domestic Product (GDP) by 2054—47 percentage points higher than CBO's baseline—and the total deficit would reach 12.3% of GDP. Adding higher interest rates pushes debt beyond 250% of GDP by 2054, with annual deficits soaring to 16.6% of GDP by 2052.

While short-term economic growth would pick up due to lower taxes and higher consumer spending, rising debt over time would ***crowd out private investment and reduce long-term output***.

The resolution also calls for significant increases in spending: $100 billion for the Pentagon and $200 billion for border security. The Senate's FY25 budget resolution goes even further, proposing $150 billion for the Pentagon and $350 billion for border spending. But the Pentagon budget, already nearing $1 trillion, is plagued by cost overruns and unreliable weapons systems. Taxpayers deserve accountability, not a blank check.

The resolution contains a proposed $4 trillion increase in the debt limit. At the current rate of deficit spending, this increase may not even suffice to carry the nation through the 2026 election cycle, highlighting the unsustainability of our current fiscal trajectory.

We must also address the troubling effort to categorize the expiring TCJA tax cuts as "current policy" rather than "current law." While the impact on the debt remains the same regardless of this categorization, treating these cuts as "current policy" effectively assumes their extension without accounting for the nearly $5 trillion in lost revenue. This approach is an attempt to obscure the true cost of these tax cuts from the American public. It's worth noting that the TCJA was deliberately structured with expiring provisions to artificially lower its apparent cost under current law scoring when it was passed.

Other budget gimmicks that should be avoided include overly optimistic economic growth projections, policy provisions with little budget impact masquerading as revenue raisers, tax provisions that expire within the ten-year budget window, and directed scorekeeping that unrealistically inflates revenue gains by manipulating provision timing.

Given these concerns, we urge you to take a step back and pursue a more responsible approach to both budget reconciliation and the nation's broader fiscal policy. This approach should include:

- A firm commitment to reducing deficits and paring down our national debt as a percentage of GDP.

- An honest and transparent assessment of our government's needs versus wants.
- Clear communication about the true costs of funding our government.
- Avoiding the temptation to rush through an expensive reconciliation package that could exacerbate our fiscal challenges.
- Rejecting proposals that undermine the integrity of budget reconciliation because of their unreliable and minimal revenue implications.

The gravity of our current fiscal situation cannot be overstated. The American people deserve an open budget process that actually assesses the costs and benefits of individual tax and spending proposals. The expiring provisions of the TCJA and other policy priorities can be addressed without rushing through costly legislation that will only strain Washington's already troubled relationship with deficits and debt.

We urge you to prioritize fiscal responsibility and make decisions that will benefit the long-term financial health of our nation. After all, as with personal relationships, money troubles often prove to be the biggest obstacle to success. Let's not allow our nation's relationship with fiscal responsibility to deteriorate further.

Thank you for your consideration of these critical issues.

Sincerely,

Stephen Ellis
President
Taxpayers for Common Sense