

On Debt Reduction, GOP Says Wait Till Next Year

Oft-cited deficit concerns thrown by the wayside for fiscal 2018 budget

10/26/17 Roll Call: <http://www.rollcall.com/news/politics/on-debt-reduction-republicans-say-wait-till-next-year> (emphasis added)

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Despite years of calling for reducing the federal debt, House Republicans are voting Thursday on a budget that doesn't balance and that calls for adding \$1.5 trillion to the deficit to finance a tax overhaul. And most of them are fine with that.

Why? Primarily because the fiscal 2018 budget resolution is the vehicle needed to set up the fast-track process for rewriting the tax code and not letting Senate Democrats filibuster the bill. **But Republicans say they plan to use that same budget reconciliation process again next year to start chipping away at the deficit.**

Roll Call interviewed half a dozen House Budget Committee members, as well as a few other fiscal hawks in the GOP conference, and they all said they anticipate mandatory spending cuts being a priority for the fiscal 2019 budget reconciliation process.

The Senate rejected the target of \$203 billion in mandatory savings the House attempted to include in its own budget resolution. House Republicans are expected to accept the Senate's show of force — many acknowledge they got rolled — and pass the budget Thursday.

That's based on promises that the tax overhaul will get done this year and **deficit reduction will follow in 2018.**

"There is going to be, by the acknowledgement of our leadership, some real attention on that next year," House Budget Chairwoman [Diane Black](#) said.

While many lawmakers felt that trying to overhaul the tax code and curb spending on entitlement programs was too much to handle at once, Black and House budget writers pushed for the mandatory savings reconciliation instruction to be included over objections from leadership and authorizing committee chairmen.

It took months of negotiating to reach the \$203 billion target and for the panel to finally report out a budget in July. It then took more than two months to whip up the needed votes to pass the measure on the floor.

Gavel considerations

All that work just to have the House ultimately swallow the Senate's budget has clearly frustrated members, but they say **they're not letting that deter their plans to use future budgets and the reconciliation process to cut mandatory spending like they had hoped to do this year.**

"We dream those big dreams here," Budget member [Rob Woodall](#) said. "I'll take half of that dream in tax reform, and then I'll come back next spring for the other half."

The Georgia Republican could be the one deciding what to include in the next round of reconciliation instructions. Black is expected to relinquish the gavel after the tax overhaul effort is complete to focus on her run for Tennessee governor, and Woodall is among the members interested in replacing her.

Using the reconciliation process to create an “authorizing system” for the fiscal policies Republicans outline in their budgets — which are largely messaging documents outside of the setting of spending levels for the fiscal year and the occasional use of reconciliation — will be a priority for Woodall if he’s elected chairman.

“The most important thing for me is to not have a budget that makes a point but to have a budget that builds consensus such that we can make a difference,” he said.

Another contender for the Budget gavel, Ohio’s [Bill Johnson](#), also sees reconciliation as an important tool for cutting spending.

“We need some teeth in the budget process to force us to begin [to address] the national debt crisis,” he said. “Otherwise, where do we go?”

Johnson said he’s hopeful the Senate will be a more willing partner in using reconciliation to curb mandatory spending once the tax overhaul is complete, noting that the expected growth from the tax effort could create some fiscal space to do so.

“If we get our economy turning along at the 3 to 5 percent of GDP rate, ... we’ve got a lot of runway to then go back and start doing some of that deficit reduction that we were planning to do in this budget,” he said.

White House needed

The Senate isn’t the only partner the House GOP would need if it is serious about overhauling entitlement programs.

“The White House has to engage on that, too,” said Florida Rep. [Mario Diaz-Balart](#), a member of both the Budget and Appropriations committees.

He said Office of Management and Budget Director [Mick Mulvaney](#) tried to get President Donald Trump and his administration to embrace entitlement changes this year, but they resisted.

“Let’s see what happens next year,” Diaz-Balart said.

Something that might help next year is the ability to start the budget process sooner. The nascent Trump administration was delayed in sending a budget blueprint to the Hill this year, while it was waiting on Mulvaney and other officials to get confirmed. Lawmakers attribute the White House delay to their own delays, but intraparty squabbles were also a factor.

“Clearly, doing budgets in October is not the recipe to succeed,” Woodall said.

Indeed, lawmakers cannot let any fiscal 2019 reconciliation effort slip into October of next year because that time is likely to be reserved on the schedule for lawmakers to be home running their re-election campaigns.

The election will not just affect the schedule; it will factor into what leadership decides should be a priority for reconciliation.

The outcome of the tax reconciliation effort will obviously inform what can be done next year, members say.

Health care, welfare or both?

With the failure of the fiscal 2017 reconciliation effort to repeal and replace the 2010 health care law, some Republicans have said they should try again with the fiscal 2019 vehicle.

Most GOP lawmakers don't like the prospect of facing voters in 2018 without having done something to at least chip away at the law they've promised for years to dismantle.

"I think we go back to Obamacare," Virginia Rep. [Dave Brat](#) said.

Leadership has been more cautious about overpromising on the health care effort, and has offered no signals that the repeal and replace effort would be revitalized through the next budget.

Instead, Republicans could turn to another economic priority: changing the social welfare system.

"I could imagine, because this has been all about the economy, all about putting people back to work, that you could see an income support, welfare reform reconciliation instruction," Woodall said.

Speaker [Paul D. Ryan](#) on several occasions has said he believes Congress can pursue welfare changes in 2018. He's been less explicit about whether that should be done through reconciliation.

The House Freedom Caucus had pushed for higher mandatory savings cuts to be included in the fiscal 2018 reconciliation to make room for a major welfare overhaul. Ohio Rep. [Jim Jordan](#), a former caucus chairman, said members will push for that again in fiscal 2019.

"If it's welfare reform, which is an 85 percent issue, which is good for taxpayers and good for the budget and good for people stuck in our social welfare system, I think there's a chance we can get some of that," Jordan said.

However, he wouldn't rule out including a health care overhaul in the fiscal 2019 reconciliation instructions, saying it might be possible to do both.

Political willpower

Whatever House leaders and budget writers decide, it likely won't be easy getting all of their colleagues on board. Passing a budget resolution has become and will continue to be a difficult vote-counting exercise, and adding reconciliation to the mix only increases the whip challenge.

But an even greater obstacle remains the political willpower in the Senate and the White House to tackle entitlement spending.

Senior Budget Committee member [Tom Cole](#) said the Senate will eventually have to come around.

"Once they get the tax thing done, they won't have much else to do," the Oklahoma Republican said. **"The next big challenge is clearly the deficit. I think the fiscal reality is going to force them back to it."**

Senate Majority Leader [Mitch McConnell](#) understands that, Cole said.

“And he knows it doesn’t have to be a political loser because he ran in 1984 after we had done the last Social Security fix,” Cole said. “And he’s famously told people, ‘It wasn’t even an issue. I thought it was going to be a big issue; it wasn’t.’”