

Making the Grade on Sequestration

A

To earn an A, Congress and the President must agree to a comprehensive debt plan that replaces the sequester with at least \$2.4 trillion of savings over the next decade. The plan should combine targeted spending cuts, entitlement reforms and comprehensive tax reform in order to put the debt on a downward path. **An A+ would be awarded to a plan that keeps the debt on a clear downward path as a share of the economy for decades to come by making Social Security solvent and federal health spending sustainable.**

Bottom line: Younger Americans should feel a lot better about their future.

B

To earn an B, policymakers must enact a budget deal that fully offsets the sequester, on a permanent basis, with more targeted measures that primarily focused on the major drivers of the debt – health and retirement programs. **A B+ would be awarded if the plan also sets up a formal process to secure additional savings to put the debt on a clear downward path.**

Bottom line: The \$2.4 trillion target remains within reach.

C

Replacing the sequester for one year – a cost of \$85 billion – with more targeted savings (no gimmicks allowed) deserves a gentleman’s C, but no better. Although it wouldn’t worsen the debt situation, it would also do nothing to solve our short and long-term fiscal problems. **A C+ would be awarded if policymakers also set up a formal process to replace the full \$1 trillion-plus sequester with smarter savings.**

Bottom line: Voters should expect more than just a passing grade from Washington.

F

Kicking the can by delaying the sequester without any offsets gets a failing grade and demonstrates Congress is not serious about deficit reduction. Offsetting a sequester delay with gimmicks like reduced war spending should be considered cheating and lead to an automatic failing grade as well. And please, no more using timing shifts as revenue measures.

Bottom line: It’s time to end the “debt denial” and re-take the entire course in responsible budgeting.

I

Letting the sequester kick in garners an incomplete grade. It’s true that sequestration will result in real spending cuts and deficit reduction, but these cuts are mindless and are unlikely to last. Even if they did last, the fact that they don’t tackle the drivers of the debt and end in 2021 means they’ll do little to improve the fiscal situation over the long-run.

Bottom line: Incomplete courses mean one thing for students – no summer vacation. Washington needs to brace itself for a “sequester semester” in summer school.

**A = Excellent • B = Good • C = Satisfactory
F = Failing • I = Insufficient / Incomplete**