



CONGRESS OF THE UNITED STATES

JOINT ECONOMIC COMMITTEE

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JEC Chairman Releases Study on Managing the Budget Surplus

WASHINGTON, DC – Joint Economic Committee (JEC) Chairman Jim Saxton (R-NJ) released a study today entitled [*Managing Anticipated Budget Surpluses*](#) recommending criteria for the commitment of future federal budget surpluses. The study considers the viable options for putting to use the surplus funds – including tax reduction, debt retirement and programmatic spending. According to the study, the impact of these alternatives on economic growth should be a primary consideration.

Saxton explained, "We cannot ignore the rules of good fiscal policy just because we have labeled this tax revenue a 'surplus.' The funds will come from the same workers who provide the rest of the money we spend, and the taxpayers deserve to know that we are not arbitrarily making spending decisions under the assumption that these dollars are sent to us as some kind of bonus. As far as I am concerned, we should return these funds to the people who sweated, saved, and invested to earn them. Increasing the IRA deduction for middle-class taxpayers should be a top priority."

The study described the various types of criteria which should be used in making budgetary decisions – avoiding spending which attempts to replace programs in the more efficient private sector; encouraging work, saving, investment, invention, and innovation; and rejecting policies which assume that government could successfully select winners in the marketplace.

Based on a review of past federal budget policy practices, the study recognizes the danger that special-interest spending will absorb all of the surplus before any of it is actually recorded on the books. Such spending would add to an already bloated federal budget and do little to encourage economic growth. The strategy that the study presents would result in less waste than one which begins with an assumption that surplus should be directed to either spending, tax reduction or debt retirement options.

A copy of this study is available by contacting the JEC at (202) 224-5171 or view its website at <http://www.house.gov/jec>.

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