



Primer: An Update on the Debt Ceiling Showdown

Summary

This week, House Republicans issued their policy demands for specific spending reductions and reforms [totaling \\$4.8 trillion](#) needed in exchange for an increase to the debt ceiling later this summer. The bill establishes the contours of a deal that can result in real and substantial spending cuts to a woke and weaponized federal bureaucracy this fiscal year by setting topline spending levels. It is important to note that the legislation does not replace the specific issue fights that will need to occur during the appropriations process.

Bill Specifics

1. A comprehensive top line FY22 cap for FY24 spending that limits growth to 1 percent annually and results in \$129 billion cuts in FY24 and \$3.2 trillion over 10 years.

The CRA budget proposal called for major cuts to the woke and weaponized government waging war on the American people. The topline cut of \$129 billion in FY 24 can be allocated to cut the bureaucracy in non-defense discretionary back to pre-COVID spending levels and continue to fund defense at sufficient levels. Capping growth to 1 percent annually sets the country on a workable path to control spending and limit debt accumulation.

2. Claw back unspent COVID money to save roughly \$29.5 billion..

The Biden administration used the Covid pandemic as an excuse to pass historic levels of spending that further ignited the inflationary storm ravaging American households. Its absurdity at the time was reflected in part by explaining that the government would not even be able to spend that kind of money during the pandemic. House conservatives are insisting on a rescission for unspent Covid money that is returned to the treasury to both pay down the debt and alleviate inflationary pressure on working families.

3. Repeal Biden's unconstitutional student loan debt cancellations to save \$460 billion over ten years.

The Biden administration sought to cancel student loan debt that would have disproportionately favored upper class and higher income households. The executive action was not only blatantly unconstitutional, but also an unfair policy to force hardworking taxpayers without college degrees to eat the costs of student loans they did not take out.

4. Enact work requirements for major welfare programs like food stamps and Medicaid to save \$120 billion over 10 years.

CRA included major reforms in means-tested programs to get Americans back into the workforce as part of our budget proposal. House conservatives have insisted that work requirements for able-bodied adults be attached to any debt limit increase. Work promotes community engagement and self-sufficiency, creating healthier households and citizens. The Obama administration allowed states to waive statutory work requirements in programs like SNAP (food stamps) and the Biden administration has continued the waivers.

5. Enact the Regulations from the Executive in Need of Scrutiny (REINS) Act to curtail the Biden administration's destructive regulatory agenda on the working and middle class.

The REINS Act has long been a priority for conservatives. The legislation defines major regulations as those that result in an annual effect of \$100 million to the economy, major cost increases on consumers, or significant adverse effects on employment and productivity. It then requires these major rules to be approved by both the House and Senate before implementation while preserving the power of Congress to roll back additional regulations.

6. Enact HR 1 to ramp up domestic energy production.

The CRA budget included front-end proposals to unleash America's energy capabilities in recognition that higher energy prices act as a significant tax on consumers and producers and because spending cuts alone are insufficient to right our economic woes. Indeed economic growth fueled by American energy is necessary to renew American opportunity and prosperity.

Under the Trump administration, the United States became a net exporter of natural gas for the first time in American history. HR 1 enacts prior policies that worked to unshackle the reliable energy industry from the zealous hold of climate extremists within the

federal bureaucracy. This includes expedited approval for oil and gas leases and permitting on public lands as well as lifting the prohibitions on drilling, developing, and exporting American energy.

7. Claw back IRS expansion.

The Biden administration attempted to unleash a woke and weaponized army of 87,000 IRS agents on working-class Americans. The debt limit bill would defund this explicit weaponization of the IRS against families and taxpayers already burdened by the federal government's destructive economic and inflationary agenda and cut the IRS by \$120 billion over ten years.

8. Repeal the Green New Deal in the laughably-titled Inflation "Reduction" Act (IRA) to save well over \$570 billion over 10 years.

The so-called Inflation Reduction Act was filled with Green New Deal-style tax credits and has resulted in even higher inflation levels. Promoting the Green New Deal and its war on oil and natural gas must be repealed to drive down energy costs. This is critical to ensure working Americans have access to reliable and affordable energy fundamental to powering their lives.

9. A \$1.5 trillion increase to the debt limit that would last roughly one year to March 2024.

In exchange for the cuts and policy reforms outlined above, the House could raise the debt limit until March 2024, ensuring no leverage is forfeit and House conservatives can continue to enforce the contours of annual federal spending caps.

Conclusion

House Republicans have put forward a bill that should garner 218 votes and underscores that the new coalition-style governing structure can result in victories for the American people. This would not be possible without the transformational speaker deal that continues to bear fruit as this legislative proposal is yet another body blow against the DC political cartel.

This bill is ultimately the result of the procedural power House conservatives won in early 2023. Spending caps and limits to 1 percent growth commits the House to work toward balance over the next 10 years, with substantial cuts to woke and weaponized government immediately. It will now be up to the Biden administration to either accept

these reforms in exchange for a debt ceiling increase or in their own words, jeopardize the “full faith and credit of the United States.”