

A Second Look at Wasteful Spending
(Line-Item Veto Authority)
An Overview

The Second Look at Wasteful Spending amendment gives the President the opportunity to veto wasteful spending - including discretionary spending and new mandatory spending - and targeted tax benefits, and use all savings for deficit reduction. Congress must consider the President's requested rescission package under a "fast-track" procedure.

This provision, a stronger version than President Bush's proposal in the 109th Congress (S. 2381), is not as far-reaching as what the Republican Congress provided President Clinton in 1996, which had cancellations go into effect automatically. A Second Look at Wasteful Spending requires Congressional affirmation for any rescission package proposed by the President.

Highlights of the proposal are as follows:

- Rescission savings must be used for deficit reduction.
- Rescissions may include any discretionary funding or any *new* mandatory spending.
- Rescissions may include specific tax provisions, generally those targeted to benefit a small number of beneficiaries.
- President may only submit four rescission packages a year (once with the submissions of the President's Budget and three other times at the President's discretion.)
- Upon submission of the President's rescission package, if a Member of Congress introduces the President's package, the matter will be considered on the floor of the respective Member's House within eight days of the President's submission.
- The rescission package is not amendable.
- Both the House and Senate must pass the President's rescission before the rescission can be signed into law.
- From the time Congress receives the President's rescission package, the President is permitted to suspend funds for his recommended rescission only for 45 days. If Congress rejects his rescission prior to the expiration of the 45 days, the President may release the funds earlier.
- The authority to rescind spending or certain tax items would apply to any discretionary or mandatory spending bill or tax bill introduced on or after the date of the authority's enactment.
- The authority expires in four years. *Note: This is to allow Congress to reevaluate the merits of rescission authority after two Presidents (President Bush and his successor) have had the opportunity to utilize it for two years each.*

A Second Look at Wasteful Spending: Reduces Wasteful Spending, Lowers Deficit and Improves Transparency of Federal Spending

The Second Look at Wasteful Spending amendment would give the President the opportunity to veto wasteful spending- including both discretionary spending and new mandatory spending - and some targeted tax benefits, and use all of the savings for deficit reduction. At the same time, it would improve the transparency of the federal spending process – ensuring that state or industry-specific spending has been appropriately vetted by Congress. In addition, A Second Look at Wasteful Spending would provide the new Majority party the opportunity to stand by its claims of fiscal responsibility.

- ✓ **Eliminates Wasteful Spending Quickly and Efficiently**
 - The President can identify and reject wasteful spending, and Congress would fast-track that recommendation within 8 days of submission of a rescission package.
 - Rescission requests would apply to both discretionary spending during the annual appropriations process and new mandatory spending that would otherwise become permanent.

- ✓ **Reduces the Deficit**
 - The federal deficit in fiscal year 2006 was \$247.7 billion. Outstanding government promises over the next 75 years will total roughly \$66 trillion, a cost we don't know how we'll pay for.
 - Spending restraint is critical, both in the short-term and the long-term. *A Second Look at Wasteful Spending* would help identify and eliminate wasteful spending that we cannot afford, as well as help block new, permanent spending programs that add to the deficit facing future generations.

- ✓ **Improves Transparency of Federal Spending Process**
 - Forces members of Congress to be increasingly transparent about state or industry-specific projects for which they seek funding.
 - Since all spending will be closely scrutinized, spending cannot easily be slipped into legislation, such as what occurred in the Tax Extender bill in final hours of the 109th Congress, where non-tax-related provisions added billions to the federal deficit and busted budget caps by more than \$17 billion over five years.

- ✓ **Forces New Majority Party to Back Up Claims of Fiscal Responsibility**
 - Democrats during the election cycle loudly claimed to be the party of fiscal responsibility. *A Second Look at Wasteful Spending* is an excellent tool for fiscal restraint, and would give them an opportunity to back up such claims.

- ✓ **Broad Support From Business and Fiscal Watchdog Groups, including:**

U.S. Chamber of Commerce
National Federation of Independent Business
Citizens Against Government Waste
National Taxpayers Union
The American Conservative Union
Traditional Values Coalition
FreedomWorks
Americans for Prosperity

The Business Roundtable
The Bond Market Association
Americans for Tax Reform
Concord Coalition
Center for Individual Freedom
60 Plus Associations
Club for Growth

A Second Look at Wasteful Spending: It Does Not Usurp Congressional Authority

While the Second Look at Wasteful Spending amendment would give the President the opportunity to veto wasteful spending - including discretionary spending and new mandatory spending - and targeted tax benefits, and use all savings for deficit reduction, it does not usurp Congressional authority. Instead, A Second Look at Wasteful Spending allows Congress to make the final decision on a limited number of Presidential rescission requests and the authority sunsets in four years.

- ✓ **Congress Has the Final Say on the President's Rescission Requests**
 - Both the House and the Senate must pass the President's rescission request before it can be signed into law.
- ✓ **Presidential Rescission Requests Are Limited in Number**
 - The President is limited to the submission of four rescission packages per year.
- ✓ **Presidential Rescission Requests Are Limited in Scope**
 - The President's rescission requests are limited to discretionary or mandatory spending bills or tax bills introduced on or after the date of the authority's enactment.
- ✓ **The President's Line-Item Authority is Not Permanent**
 - The authority expires in four years to allow Congress to re-evaluate its merits after two Presidents have used it for two years each.
- ✓ **Congress Can Fast-Track Consideration of the President's Rescission Requests**
 - Congress can consider rescission requests within 8 days of submission.
- ✓ **Presidential Suspension/Deferral of Funds is Limited**
 - The President's ability to suspend or defer funds for the recommended rescission package is limited to 45 days from the time Congress receives the rescission request.
- ✓ **A Second Look at Wasteful Spending is More Restrictive Than Past Versions**
 - Unlike the line-item veto authority the Republican Congress gave President Clinton in 1996, which had cancellations go into effect automatically, *A Second Look at Wasteful Spending* requires Congressional affirmation for any rescission package proposed by the President.