

Is Congress about to kill the sequester?

By Brendan Bordelon

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Don't look now, but Congress may be about to pull a fast one with the sequester.

For the past two weeks Wisconsin Republican Rep. Paul Ryan and Washington Democratic Sen. Patty Murray — the respective heads of the House and Senate budget committees — have led a bipartisan conference designed to replace the ten-year, \$1.2 trillion sequestration cuts with a sweeping deal fixing long-term budget imbalances.

That's a high hurdle, given the two lawmakers' vastly different outlooks on the fiscal problems facing America. Ryan wants an extensive revamp of near-bankrupt entitlement programs like Social Security and Medicare, while Murray seeks tax increases — complemented by the closing of corporate loopholes — as a way to fix the budget through increased revenues.

“If this conference becomes an argument about taxes, we're not going to get anywhere,” Ryan [said](#) on the conference's Oct. 30 opening.

“We won't get a grand bargain,” Chris Edwards, the director of tax policy studies at the libertarian Cato Institute, told The Daily Caller News Foundation. “We probably won't even get a small deal on entitlements, because the Democrats are so addicted to tax increases.”

Just because a deal seems hopelessly out of reach doesn't mean the sequester is safe, however. Republican hawks [hate](#) mandatory defense cuts almost as much as tax-and-spend Democrats [despise](#) forced reductions in domestic discretionary outlays. This bipartisan sequestration hate-fest led the National Taxpayers Union and 18 other groups to [send](#) an open letter to Republican leadership earlier this month, urging them to keep the cuts in place.

But how could lawmakers scuttle the sequester without replacing it with smarter, more permanent spending reductions? In a time-honored Washington technique, Congress may claim to achieve tough cutbacks while continuing to kick the can down the road.

“I am fearful that any kind of bargain to repeal the sequester would replace it with phony smoke-and-mirror spending cuts,” said Edwards, pointing to the 1997 passage of a bill which included hard caps on Medicare spending. Called the Medicare Sustainable Growth Rate, the system aimed to reduce the deficit by cutting the amount doctors, hospitals and other providers could charge to the federal government.

But within a couple years Congress caved to those providers, passing vast increases in Medicare payments to doctors and hospitals year after year since 2000 — the so-called “doc fix.”

“I would call trying to cut payments for Medicare and Medicaid providers a phony spending cut,” Edwards declared. “Congress can put it on the books, but then it won’t actually happen in real life.”

“That is a fear and a problem with any kind of budget deal,” he continued. “They would be replacing sequester cuts, which are real cuts, with phony cuts.”

Other experts are also concerned that history may repeat itself.

“There might be a temptation to use budget gimmicks,” said Romina Boccia, a budget scholar at the conservative Heritage Foundation, in an interview with TheDCNF. “They already set a bad precedent in December 2012, when lawmakers were trying to avoid the first round of sequester cuts — lessening the impact of sequestration in part through a timing shift.”

At that time, lawmakers counted increased tax revenue from the 2010 Roth IRA program — which allowed individuals to make a lump-sum payment to the federal government in exchange for a completely tax-free account in the future — as an increase in savings. In fact, the program significantly reduced federal revenues outside of the congressional ten-year window.

Boccia calls it “a complete budget gimmick,” and worries tricks like this may be used to “replace only a small portion of the sequester and buy them more negotiating time.” With the next round of sequestration cuts coming early next year, she thinks lawmakers may create “a short-term continuing resolution extension in January, using some of these gimmicks to ward off some of the cuts.” Any future debate over the sequester could then be lumped into the intractable debt ceiling fight, the latest round of which will likely hit in March or April.

“It would just be another example that they are not doing their job,” Boccia lamented, “which is to govern and to do so deliberately, and not try to find ways to cheat the taxpayer out of savings.”

Neither Paul Ryan nor Patty Murray’s offices responded to TheDCNF’s request for comment.

The budget conference has until December 13 to unveil its budget plan. New sequestration cuts — \$20 billion from the Pentagon alone — are scheduled to hit on Jan. 15.