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Paying for Katrina means hard choices, painful cuts

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How should we handle paying for the aftermath of Hurricane Katrina? Tax increases? Add to the debt?

No and no; 950 billion times no.

So says the Republican Study Committee (RSC), a caucus of conservative House members whose cost-cutting ideas, dubbed Operation Offset, have changed the budget debate in Washington.

Immediately after Katrina, there was a bipartisan commitment to do whatever it takes to help the Gulf Coast region rebuild. Congress quickly allocated \$60 billion and requests for as much as \$240 billion followed. But the figures on the other side of the balance sheet, the how-to-pay-for-it side, weren't being penciled in.

Enter the unhappy members of the RSC. "Operation Offset was born out of the frustration of dozens of House conservatives who... wanted to inject into the debate a serious consideration of significant budget cuts," says RSC chairman Mike Pence (R., Ind.). "We threw down the gauntlet to 100 House conservatives and said bring us your offset ideas."

They came up with 122, totaling almost \$950 billion in savings over 10 years. Two items alone - delaying the Medicare prescription drug benefit for a year and repealing the earmarks in this summer's transportation bill - account for a one-year savings of \$56 billion.

Several cuts target Bush administration projects: the millennium challenge accounts (save \$24 billion over 10 years), the hydrogen-fuel initiative (\$2.5 billion), the moon/Mars initiative (\$44 billion).

They suggest entitlement reform: block granting Medicaid and indexing for population and inflation (\$225 billion); restructuring Medicare cost sharing (\$87.5 billion); and imposing home-health co-payments (\$31 billion).

Amtrak subsidies made the list (\$2.5 billion), as did the National Endowment for the Arts (\$1.7 billion) and the Corporation for Public Broadcasting (\$5.6 billion).

But so did congressional pay raises (\$24 million) and the free Capitol parking for federal employees (\$1.5 billion).

Defense also takes a hit (\$12 billion) as does corporate welfare (\$49 billion).

They want to consolidate programs, let the private sector take over others, and update where needed. For example, they suggest changing the Davis-Bacon Act, which calls for a "prevailing wage" for government projects of \$2,000 or more. That figure was set when the act passed 70 years ago and the RSC wants it upped to \$1 million (\$2.1 billion).

This list won't be adopted en masse. That's not the point. It's real value is as a reminder to Congress that the budget process is about making choices, often difficult ones, and setting priorities. It's easy to pile up debt, saying yes to everyone. It's easy to call for tax increases. But Congress has no business doing either until it's honestly evaluated current expenditures. If anything, Operation Offset shows that evaluation hasn't been done.

But the RSC's concerns are being heard. President Bush is now talking about offsets to pay for Katrina, as are some senators. Last week, the House leadership announced a four-point plan that includes across-the-board cuts.

For Pence, the response is "very humbling," but he understands there's more to do. "Washington, D.C., is a place that's

good at talking, but when it comes to making hard choices and cutting the size of government, it's not so good," he says.

Pence hopes conservatives can return home on Thanksgiving break and tell constituents that for every dollar spent on hurricane relief, a dollar was cut from the federal budget. That would be a significant victory for fiscal conservatives. And it may just be a start.

As Pence says, "I'm mindful that as we make the moral case for cutting spending... for Katrina, we're laying the foundation to make the moral case against deficit spending and an \$8 trillion national debt."

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