

# Maximizing America's Prosperity (MAP) Act

**A BETTER WAY TO CAP  
FEDERAL SPENDING**

Washington doesn't have a revenue problem, it has a spending problem. In fact, the Treasury Department recently reported that while receipts are up 2.7 percent, spending has increased by 6.6 percent.

The CBO's most recent projections show revenues increasing from 16.5 percent of GDP this year to 19.5 percent by 2049, while spending will grow from 20.7 percent of GDP this year to over 28 percent in the same period.



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With annual deficits projected to hit \$1 trillion this year, and national debt now over \$22 trillion, the time has come to curb runaway spending.

Many nations cap spending based on the size of their economic output. Countries like Switzerland, Germany and Chile have already successfully reduced their debt in the past decade by utilizing spending caps.

Like these countries, the MAP Act, introduced by Rep. Kevin Brady (R-TX) and Senator Mike Braun (R-IN), caps all federal spending - excluding interest - as a percentage of potential GDP. The MAP Act draws on the success of these countries and puts America back on a path to prosperity.

## **CAPPING NON-INTEREST SPENDING ATTACKS THE PROBLEM, NOT THE SYMPTOM**

- Discretionary and mandatory (controllable) spending cause deficits and debt.
- Interest (uncontrollable) spending is the result of past decisions, over which today's Congress has no control.
- MAP caps what Congress can control—today's discretionary and mandatory spending.

## **POTENTIAL GDP IS A BETTER BASE FOR A SPENDING CAP THAN GDP**

- Potential GDP is what GDP would be if the economy was operating at full employment without inflation.
- GDP goes up and down with the business cycle. GDP-based caps lead to overspending in economic booms and unenforceable cuts in recessions.
- Potential GDP is stable, restraining spending growth in booms and allowing a smoother, sustainable budget path in recessions.

## **ALLOCATING FOR EMERGENCY SPENDING ENSURES WE REMAIN PREPARED**

- Sets aside one-percent of the budget each year to better prepare and plan for emergencies.
- While Congress can still appropriate additional money, the MAP Act allows for a pathway to save, and later pay for, emergencies.