



John Spratt,
Chairman

U.S. HOUSE OF REPRESENTATIVES

COMMITTEE ON THE BUDGET

207 Cannon House Office Building, Washington, DC 20515 (202) 226-7200 ★ www.budget.house.gov

June 4, 2008

Summary of the 2009 Budget Conference Agreement

Fiscal Responsibility

- Reaches balance in 2012 and remains in balance in 2013 using realistic CBO estimates
- Posts smaller deficits than the President's in 2009 and over the 5 years 2009 to 2013
- Continues House emphasis on fiscal discipline by following pay-as-you-go rule
- Includes program integrity funding to root out wasteful spending

Discretionary Funding Highlights

- Increases veterans' funding for 2009 by \$3.7 billion (8.2 percent) above current services
- Addresses the high cost of energy by investing in renewable energy and energy efficiency initiatives, and by rejecting the Administration's cuts to LIHEAP and instead providing the full authorized funding level of \$5.1 billion, which is \$3.1 billion over the President's request
- Provides additional resources to address long-standing domestic priorities within a fiscally responsible framework, including increased funding for scientific innovation and for education, training, and social services
- Rejects the Administration's proposed cuts to environmental protection, first responders, Community Development Block Grants, and other high-priority services
- Funds defense, while targeting resources toward our most pressing security needs

Mandatory Programs

- Accommodates initiatives including the following:
 - expansion of children's health insurance coverage
 - reforms to improve Medicare for beneficiaries and protect access to care
 - creation of an affordable housing fund
 - reforms of the Higher Education Act to make college more affordable and accessible
- Rejects Administration cuts to Medicare and Medicaid

Revenues

- Accommodates immediate and long-term AMT fix, consistent with pay-as-you-go
- Accommodates additional middle-class tax relief and enhanced economic equity through tax policies, consistent with pay-as-you-go

Scope of the budget resolution

- Establishes a framework to guide budgetary decisions for the year
- Leaves specific spending, revenue initiatives, and offset decisions to authorizing and appropriations committees



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Top Five Reasons to Support the FY 2009 Budget Conference Agreement

The conference agreement on the fiscal year 2009 budget resolution makes another down payment to fulfill commitments we have made to the American people, while restoring fiscal responsibility by putting us on the path to budget surpluses starting in 2012. The conference agreement funds proven investments that boost economic growth, create jobs, make America safer, promote fiscally responsible tax relief to millions of households, and help families struggling to make ends meet in an economic downturn.

Restores Fiscal Responsibility — The conference agreement on the budget is fiscally responsible, returning to balance in 2012 and beating the President's bottom line by \$83 billion over its five years (2009-2013). It complies with the House pay-as-you-go rule that requires all mandatory spending and revenue provisions to be deficit-neutral. The conference agreement contains initiatives to crack down on wasteful spending, and its deficit-neutral reserve funds will ensure that new initiatives are offset by reductions in lower-priority spending. The budget relies on realistic economic assumptions from the non-partisan Congressional Budget Office.

Rejects the President's Harmful Cuts — The conference agreement on the budget rejects the President's deep cuts affecting a wide range of services and constituencies, including:

- \$479 billion of Medicare cuts and \$94 billion in cuts to Medicaid over ten years;
- more than \$18 billion over five years in new fees for veterans and military retirees;
- cuts to services that help our communities, including the Community Development Block Grant and the Low-Income Home Energy Assistance Program;
- the elimination of several state and local law enforcement programs, including the State Criminal Alien Assistance Program, Byrne Grants, and COPS; and
- cuts to EPA grants that help protect public health and maintain environmental quality.

Strengthens the Economy — The conference agreement on the budget invests in programs that boost our economy, including:

- **Innovation** — Provides crucial funding for the Democratic innovation agenda and the America COMPETES Act to enhance our competitive edge, increasing funding for math and science education and research.

- **Energy** — Increases funding for efficient and renewable energy programs, rejecting the President’s cuts to research as well as weatherization assistance for lower-income families, and accommodates legislation to encourage the production of renewable energy alternatives, increased energy efficiency, investments in new energy and vehicle technologies, and training workers for “green collar” jobs.
- **Education** — Provides significantly more than the President for vital education, job training, and social services programs for 2009.
- **Infrastructure** — Invests in highways, water, and other infrastructure by providing sufficient funding and a reserve fund to facilitate new initiatives in a deficit-neutral manner.

Provides Tax Relief and Help for Struggling Families — The conference agreement on the budget rejects the President’s policy of paying for tax cuts by adding to the debt burden of our children and grandchildren and by imposing unacceptable cuts to vital public services.

- **Tax Relief** — Accommodates tax relief from the Alternative Minimum Tax for more than 20 million households, as well as middle-income tax cuts and other tax relief, so long as they comply with the pay-as-you-go rule.
- **Children’s Health** — Accommodates up to a \$50 billion increase to expand children’s health insurance to cover millions of uninsured children, in accordance with the paygo rule.
- **Safety Net** — Strengthens safety net programs by providing needed funding for home heating assistance (LIHEAP), the Social Services Block Grant, and housing aid – in contrast to the President’s budget, which cuts funding for these programs.

Makes America Safer — The conference agreement on the budget funds defense, provides additional resources for veterans’ health care, and adds substantially to homeland security.

- **Defense** — Funds defense while shifting funds to high priorities such as reducing “loose nukes” and nuclear nonproliferation programs, and quality of life improvements for the troops and their families.
- **Veterans** — Addresses veterans’ needs by rejecting the President’s proposed new fees on veterans. Instead, it increases veterans’ funding by \$3.7 billion relative to the amount needed to keep pace with inflation, enough to allow VA to treat 5.8 million patients in 2009, including 333,275 Iraq and Afghanistan war veterans.
- **Homeland Security** — Protects Americans at home by increasing homeland security funding over the Administration’s request and rejecting the President’s cuts to first responder programs, including Community Oriented Policing Services (COPS) and firefighter assistance grants. Our budget provides higher funding levels for the four budget functions that fund the bulk of the non-DOD homeland security initiatives, compared with the President’s budget.



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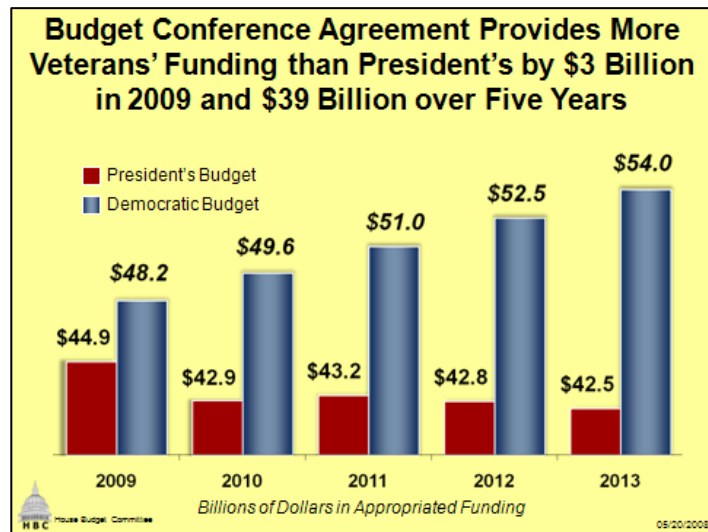
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2009 Budget Conference Agreement: Honoring Our Veterans

A change in direction is needed. Republican policies have produced record deficits, growing debt, and a weakening economy. Today's budget resolution conference agreement charts a new direction – a Democratic blueprint for strengthening the economy and making America safer. That means meeting our obligation to veterans to adequately fund their health care and benefits.

Challenges:

- For seven years, this Administration has not adequately provided for veterans' health care or benefits, including those men and women returning from Iraq and Afghanistan.
- Last year, problems were identified at Walter Reed Army Medical Center and other facilities for servicemembers and veterans.
- The President's budget imposes enrollment fees and drug co-payment increases on veterans – for the sixth year in a row.

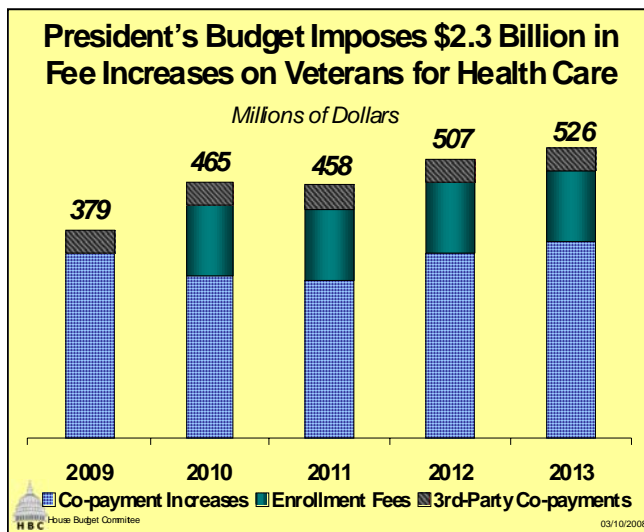


Our conference agreement on the budget:

- **Has the strong support of major veterans organizations**, including the American Legion, the Independent Budget (AMVETS, Disabled American Veterans, Paralyzed Veterans of America, and Veterans of Foreign Wars of the United States), and Iraq and Afghanistan Veterans of America:
 - **The American Legion:** “This Budget Resolution for FY 2009 reflects the continued commitment to those earned benefits provided by a grateful nation in recognition of honorable military service. Therefore, The American Legion fully supports the Budget Resolution for FY 2009 of \$48.2 billion . . .”
 - **The Independent Budget:** “We appreciate your efforts . . . to achieve an excellent mark for total discretionary spending for the Department of Veterans Affairs for this year. . . We particularly appreciate the fact that the Budget

Resolution that you have advanced once again rejects the proposed fees and co-payment increases recommended by the Administration.”

- **Iraq and Afghanistan Veterans of America:** “By increasing the Veterans Affairs discretionary budget to \$48.2 billion in FY 2009, Congress is making a stand for our nation’s veterans and affirming its support for the men and women of the armed services.”
- **Continues our commitment to fully fund veterans’ health care by providing \$48.2 billion for 2009**, which is \$4.9 billion (11.4 percent) more than the 2008 level.
- **Provides \$3.3 billion more than the President’s budget for 2009 and \$39 billion more over five years.** In fact, consistent with past practice, the President’s budget actually cuts funding after the first year.
- **Allows the Department of Veterans Affairs (VA) to treat 5.8 million patients in 2009, including an estimated 333,275 Iraq and Afghanistan war veterans**, many of whom suffer from post-traumatic stress disorder, traumatic brain injuries, or blast-related injuries.



- **Rejects the health care fee increases imposed by the President’s budget**, which total \$2.3 billion over five years, including a new enrollment fee and pharmaceutical co-payment increases.
- **Increases funding to speed disability claims processing**, so that VA can continue to reduce its backlog.
- **Includes two deficit-neutral reserve funds to accommodate legislation to enhance veterans’ education and increase other earned benefits**, helping them readjust to civilian life.



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2009 Budget Conference Agreement Provides Fiscally Responsible Tax Relief

The conference agreement on the fiscal year 2009 budget resolution calls for immediate fiscally responsible tax relief for the millions of middle-income households who would otherwise be subject to the Alternative Minimum Tax. The resolution endorses the extension beyond 2010 of the middle-income tax cuts – including the child tax credit, marriage penalty relief, and the ten percent individual income tax bracket. The resolution also calls for estate tax reform, extension of the research and development tax credit and deduction of state and local sales taxes. However, the agreement rejects the President’s policy of saddling our children and grandchildren with mounting debt from tax cuts whose costs cannot be covered. Instead, our budget resolution conference agreement endorses tax relief provided in a fiscally responsible way. The budget does not raise a penny of taxes.

Policy of the House on middle-income tax relief — The conference agreement contains explicit policy language stating the House’s endorsement of tax relief accomplished in a deficit-neutral manner. Section 401 states:

“It is the policy of the House to minimize fiscal burdens on middle-income families and their children and grandchildren; provide immediate relief for the tens of millions of middle-income households who would otherwise be subject to the alternative minimum tax (AMT), in the context of permanent, revenue-neutral AMT reform; and support extension of middle-income tax relief and enhanced economic equity...”

Reserve funds to accommodate tax relief — The conference agreement contains reserve funds to facilitate passage of deficit-neutral tax relief. Specifically, the budget includes House reserve funds to address the following priorities:

- **Middle Income Tax Relief** — Legislation to reduce tax burdens on middle-income families and taxpayers that complies with the pay-as-you-go principle. This includes legislation such as the extension of the 10 percent individual income tax rate, marriage penalty relief, and the refundable child tax credit.
- **Alternative Minimum Tax Relief** — Relief from the AMT, benefiting more than 20 million households, who would otherwise become newly subject to this highly complex and inefficient tax.
- **Enhanced Economic Equity** — Legislation that provides for estate tax reform, a tax credit for school construction bonds, and extends a number of key tax provisions, including the research and experimentation tax credit, the deduction for small business expensing, and the deduction for state and local sales taxes.



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2009 Budget Conference Agreement Strengthens the U.S. Economy

A new direction is needed to correct our economic course. Burdened by stifling debt loads and weak economic performance, the American economy is struggling. Energy, food, and health care costs are ballooning and American families are struggling to make ends meet. Congress has already responded to the recent slowdown with a stimulus plan designed both to deliver timely, targeted, and temporary relief to 130 million households and to strengthen the housing market. But much more needs to be done.

The 2009 budget conference agreement charts the way forward. Both in the near term and over the long run, a major new change in direction is needed. The budget conference agreement takes specific actions to insulate families from the turbulent economy over the next year by:

- Making it possible to protect more than 20 million households from paying the Alternative Minimum Tax, consistent with the pay-as-you-go principle;
- Accommodating legislation to reauthorize and expand the trade adjustment assistance program and modernize the unemployment insurance program;
- Supporting needed infrastructure investments that will help create jobs, spur economic growth, and ease commuting burdens;
- Boosting funding for safety net programs, including low-income energy assistance, and housing assistance to prevent low-income families from losing their homes; and
- Rejecting the President's deep cuts to Medicare, Medicaid, Community Development Block Grants, and first responder funding.

Over the long term, the budget strengthens the economy by restoring fiscal prudence, providing tax relief for middle-income families, and supporting strategic investments in the new economy.

- As an important first step in restoring the nation's long-term economic health, the conference agreement brings the **budget back into balance in 2012** and complies with the pay-as-you-go principle.
- To help create jobs, the conference agreement supports investments **in new businesses and industries**. The budget's energy reserve fund paves the way for legislation that will spur investment in renewable energy and energy efficiency technologies and facilitate the training of workers in these industries ("green collar" jobs). In addition, the budget boosts funding for the National Science Foundation and National Institutes of Health – two research and development engines of economic prosperity.
- The **Education** budget function receives a substantial increase over the President's request for program year 2009. In the global economy, our capacity to retain our competitive edge is highly dependent on a skilled, technologically literate workforce.
- The conference agreement supports significant **middle-income tax relief**, including relief from the marriage penalty, the child tax credit, and the 10 percent income tax bracket – subject to the pay-as-you-go principle.



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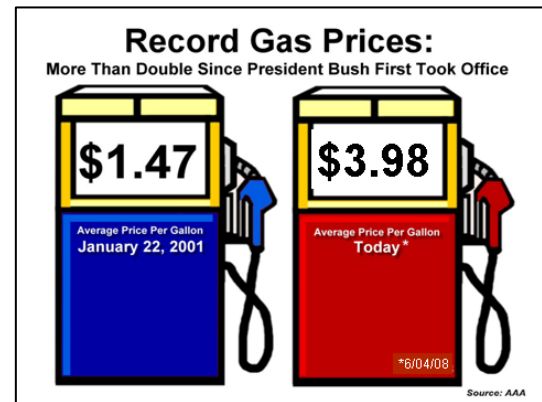
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2009 Budget Conference Agreement: A Stronger Future through Smart Energy Investments

A change in direction is needed. Republican policies have produced record deficits, growing debt, and a weakening economy. Today's budget resolution conference agreement charts a new direction – a Democratic blueprint for strengthening the economy and making America safer. That means investments in renewable energy and energy efficiency, all made in a fiscally responsible way so that we can dig ourselves out of debt and reclaim our economic future.

Challenges:

- America's dependence on foreign oil affects our economy, national security, and environment.
- High energy prices are squeezing American families and businesses. Gas prices have more than doubled since 2001.
- America needs to get on a path toward greater energy independence – to lower energy costs, strengthen our economy and national security, create new jobs, and reduce greenhouse gas emissions.



Our conference agreement on the budget:

- **Provides \$7.7 billion in funding for renewable energy, energy efficiency, and other energy programs**, which is \$2.8 billion (55.4 percent) more than the 2008 level.
- **Rejects the President's budget cuts to energy efficiency and renewable energy programs, including cuts to the solar energy program and termination of the Weatherization Assistance Program**, a program that helps low-income families to reduce costs by weatherproofing their homes.
- **Invests \$2.0 billion to create green collar jobs in our nation's communities.** This funding could support investments in such things as emerging energy and vehicle technologies, and carbon capture and sequestration.
- **Includes a deficit-neutral reserve fund to accommodate legislation that provides tax incentives for renewable energy or energy efficiency**, invests in emerging energy or vehicle technologies or carbon capture and sequestration, reduces greenhouse gas emissions, or trains workers for green collar jobs.



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2009 Budget Conference Agreement Invests in Education

A change in direction is needed. Republican policies have produced record deficits, growing debt, and a weakening economy. Today's budget resolution conference agreement charts a new direction – a Democratic blueprint for strengthening the economy and making America safer. That means investments in education, all made in a fiscally responsible way so that we can dig ourselves out of debt and reclaim our economic future.

Challenges:

- 15-year-olds in the U.S. have lower math skills than 80 percent of the other industrialized nations and recently ranked 25th among the 30 OECD countries on the latest Program for International Student Assessments (PISA).
- More than 10 percent of students drop out of high school before graduating.
- The average tuition and fees to attend a four-year in-state public college increased 6.6 percent since last year, to \$6,185. The average tuition and fees for a four-year private college increased 6.3 percent, to \$23,712.

Our conference agreement on the budget:

- **Invests in education** — The conference agreement on the budget provides substantially more funding than the President's 2009 level for education, job training, and social services programs – funding that can provide vital assistance to help children learn and succeed. The new funding could support key programs such as Head Start, Impact Aid, and special education. It also could support the No Child Left Behind Act programs to ensure that children can read and achieve at grade level, including programs such as Title I, school improvement programs, and teacher quality improvement.
- **Makes college more affordable** — The conference agreement's increase in education funding can help make college more affordable and accessible by raising the maximum Pell grant, maintaining Supplemental Educational Opportunity Grants and Perkins Loans, and broadening access to Historically Black Colleges and Universities as well as Hispanic-serving institutions and other minority-serving institutions.


- **Rejects the President’s elimination of 47 education programs** — The 2009 budget conference agreement specifically rejects the President’s cuts to education funding, including his plan to eliminate all vocational education and many other programs.

- **Supports the innovation agenda** — The budget conference agreement provides crucial funding for the Democratic innovation agenda and the America COMPETES Act to enhance our competitive edge, increasing funding for math and science education and research.

- **Accommodates a school construction tax credit and college student benefits** — The conference agreement on the budget includes deficit-neutral reserve funds to accommodate education legislation. One House reserve fund facilitates reforms to the student loan programs or other changes that increase benefits to college students, consistent with the House pay-as-you-go principle. A second House reserve fund could accommodate a tax credit for school construction as long as it adheres to the pay-as-you-go principle.

President Eliminates 47 Education Programs
FY 2009 Budget

<p>Improving Teacher Quality:</p> <ul style="list-style-type: none"> • Teacher Quality Enhancement • National Writing Project • Advanced Credentialing • School Leadership • Ready To Teach • Teachers for a Competitive Tomorrow <p>Rehabilitation Services:</p> <ul style="list-style-type: none"> • Supported Employment Grants • Projects With Industry • Recreational Programs • Migrant & Seasonal Farmworkers <p>Vocational Education:</p> <ul style="list-style-type: none"> • Career and Technical Education State Grants • Career and Technical Ed. National Programs • Tech-Prep Education State Grants <p>Academies for American History and Civics Alcohol Abuse Reduction Arts in Education Alaska Native Education Equity Civic Education Close Up Fellowships Comprehensive School Reform Education for Native Hawaiians Education Technology State Grants</p>	<p>Higher Education:</p> <ul style="list-style-type: none"> • Supplemental Ed. Opportunity Grants • Perkins Loans Cancellations • Leveraging Ed. Assist. Partnerships • Byrd Honors Scholarships • Strengthening Alaska Native & Native Hawaiian-Serving Institutions • Demo. Projects for Students with Disabilities • Thurgood Marshall Legal Education • Underground Railroad Program • B.J. Stupak Olympic Scholarship • Tribally Controlled Postsec. Career & Tech. Insts. <p>Elementary and Secondary School Counseling Even Start Excellence in Economic Education Exchanges with Historic Whaling and Trading Partners Foundations for Learning Grants for Incarcerated Youth Javits Gifted and Talented Education Mental Health Integration Mentoring Parental Information and Resource Centers Physical Education Reading is Fundamental Smaller Learning Communities Special Olympics Women's Educational Equity</p>
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