

The President's FY09 Budget

- Addresses Immediate Economic Challenges;
- Ensures Sustained Prosperity;
- Keeps America Safe; and
- Balances The Budget By 2012.

Addresses Immediate Economic Challenges

Includes a bipartisan economic growth package that spurs investment and strengthens the Nation's economy.

- Provides approximately \$100 billion in temporary relief that would allow Americans to keep more of their paychecks to spend as they see fit.
- Saves businesses approximately \$50 billion in near-term taxes through a temporary change to the tax code that will allow American businesses that buy new equipment this year to deduct an additional 50 percent of the cost of their investment in 2008.
- Continues economic growth which is a crucial element in reducing the deficit and balances the budget in 2012, but this growth package, combined with a slowing economy, does contribute to the near-term budget deficit. In FY08 the deficit will represent 2.9 percent of GDP, and 2.7 percent of GDP in FY09.

Promotes and preserves the American dream of homeownership through education and assistance to combat foreclosures and maintain a stable, healthy housing market.

- Increases mortgage financing options for homebuyers and homeowners through reforms in Federal Housing Administration authority such as risk-based pricing to offer a wider variety of mortgage products and create more homeownership opportunities.
- Includes \$65 million for the Department of Housing and Urban Development's Housing Counseling program, and \$150 million for the Neighborhood Reinvestment Corporation to help educate consumers, combat foreclosures, and promote a healthier housing market.
- Provides \$2 billion for the HOME Investment Partnership program, including \$50 million for the American Dream Downpayment Initiative to expand affordable housing and minority homeownership.
- Facilitates public-private partnership – the HOPE NOW Alliance – that includes a group of lenders, loan servicers, mortgage counselors, and investors to identify troubled borrowers and help them refinance or modify their mortgages, so more families can stay in their homes.

Ensures Sustained Prosperity

Makes tax relief permanent for long-term economic growth and sustainability.

- The President's 2001 and 2003 tax relief fostered economic growth, but is currently set to expire in 2010. Inaction would result in 116 million taxpayers seeing a tax increase of \$1,800, on average.

Improves access for more Americans to affordable health care by fostering a marketplace, encouraging competition, and improving efficiency.

- Fosters a marketplace: Levels the playing field for those Americans who do not receive health care through their employer. Replaces the existing – and unlimited – tax exclusion for employer-sponsored insurance with a standard health insurance deduction for everyone.
- Encourages competition: Establishes association health plans for small employers, civic groups, and community organizations. Creates a competitive marketplace across state lines. Reforms medical liability law to reduce frivolous legal proceedings.

- Improves efficiency: Facilitates health information technology advancements through the adoption of policies that will encourage physicians and others to adopt electronic health records and through furthering technologies for safe, secure health information exchange.

Builds on the success of No Child Left Behind through support of proposals to reauthorize and strengthen the law while also proposing policies to make college more affordable for families.

- \$14.3 billion for Title I – a 63 percent increase since 2001 – to continue driving improvement through NCLB. Last year, fourth and eighth graders achieved the highest math scores on record. African-American and Hispanic students are making significant progress, posting all-time highs in a number of categories.
- \$1 billion for effective, research-based literacy instruction through Reading First.
- \$300 million for Pell Grants for Kids. The Federal Pell Grant program, which students can use to attend the public or private college of their choice, Pell Grants for Kids would offer scholarships to low-income children in underperforming elementary and secondary schools, including high schools with significant dropout rates, to help them with the costs of attending an out-of-district public school or nearby private or faith-based school.
- \$491 million for School Improvement Grants to help turn around schools in need of improvement.
- \$95 billion in financial aid to help 10.9 million students pay for college.
- A \$2.6 billion increase in annual appropriations for Pell Grants. This investment, together with funding provided by the College Cost Reduction and Access Act, will support a maximum Pell Grant of \$4,800 in 2009, and allow the maximum grant to rise to \$5,400 by 2012.

Keeps the U.S. the most innovative nation in the world by implementing the American Competitiveness Initiative (ACI).

- \$12.2 billion total for the National Science Foundation, DoE's Office of Science, and the National Institute of Standards and Technology, an overall funding increase of \$1.6 billion, or 15 percent, above the 2008 enacted total of \$10.6 billion.
- The President's FY 2009 Budget returns ACI research to a doubling path to ensure this consensus national priority objective is realized.

Increases energy security by focusing on renewables, accelerating technological breakthroughs, and expanding traditional sources to reduce our reliance on foreign oil.

- \$400 million as the first installment of a three-year, \$2 billion U.S. commitment to an international clean energy technology fund that will increase and accelerate the deployment of clean technologies in developing nations to help confront climate change.
- Doubles the capacity of the Strategic Petroleum Reserve to 1.5 billion barrels.
- Nuclear power: \$242 million for Nuclear Power 2010 to promote the licensing of new nuclear plants through an industry cost-shared effort with streamlined regulatory processes. \$302 million for Advanced Fuel Cycle Initiative research and development.
- Coal: \$648 million for research, development, and demonstration of advanced coal technologies. This represents a \$197 million increase from the President's FY2008 request and is the largest amount requested for DOE's coal program in more than 25 years. With private sector match, this budget represents an approximate \$1 billion investment in advanced technologies that can produce power from coal with significantly lower carbon emissions.

Keeps America Safe

Supports the national defense and funding for America's troops.

- \$515 billion for the Department of Defense base budget – a nearly 74 percent increase since the President took office – to support military readiness and continue the transformation of our military to meet twenty-first century threats.
- \$70 billion for an emergency allowance to support activities related to the Global War on Terror that help achieve the strategic goal of creating free, democratic, and self-governed ally nations in Iraq and Afghanistan.

Enhances homeland security and terrorism prevention.

- 10.7 percent Government-wide increase for improving nuclear detection, expanding cybersecurity, securing borders and removing individuals in the country illegally, and bolstering homeland security functions.
- \$500 million for 2,200 new Border Patrol agents to accomplish the President's goal of more than doubling the size of the Border Patrol.
- Nearly \$6 billion to enhance the security of the Nation's transportation system through increased security personnel, more screening devices, improved passenger checkpoints, and air cargo security inspectors.

Promotes peace, democracy, and economic opportunity worldwide through diplomatic, development, and reconstruction activities.

- 14.9 percent increase for international affairs to support key allies in the Global War on Terror and improve responses to international crises.
- Middle East: \$400 million to support freedom in Iraq; \$1.1 billion to help build a stable Afghanistan; \$75 million for the Palestinian people to promote good governance; \$142 million to continue support for the democratic government of Lebanon; and \$830 million to help Pakistan achieve stability.
- Mexico and Central America: \$550 million for the President's new initiative to address security concerns, including combating drug trafficking.
- Civilian Response Capability: \$249 million to enhance the capability of civilian Government agencies to respond to crises and to create a rapidly deployable civilian reserve corps.

Balances the Budget by 2012

Maintains proven pro-growth policies – keeping taxes low and restraining government spending – to ensure that near-term deficits are overcome and we achieve a surplus in 2012.

- In making tax relief permanent, Federal revenues as a share of the economy average 18.5 percent over the next five years, above the historical average. This demonstrates that Americans are not undertaxed, rather their government needs to control spending.
- Even while increasing some high priorities, overall non-security discretionary spending goes up less than one percent in 2009 and is held flat thereafter.

Continues to address the long-term challenge of unsustainable entitlement spending.

- A balanced budget in 2012 will be short-lived without addressing our biggest budgetary challenge. Spending on entitlement programs like Social Security, Medicare, and Medicaid is growing faster than we can afford, and there are painful choices ahead if America stays on this path: massive tax increases, sudden and drastic cuts in benefits, or crippling deficits.
- Proposes savings of \$208 billion over five years in order to lay the foundation for sensible reform while ensuring these crucial programs continue for future generations. This step will reduce the 75-year unfunded obligation in Medicare by nearly one-third.

Improves results of government programs and instills greater transparency so that taxpayer dollars are spent wisely.

- Reviews the effectiveness of government programs and Federal agencies and makes results available for public review at www.expectmore.gov and www.results.gov.
- Reduces or terminates 151 programs totaling more than \$18 billion; channels funds toward more effective uses that better align with national priorities.
- Proposes that Congress cut the number and cost of earmarks in half from the FY08 levels on a bill-by-bill basis – a move backed up by a Presidential veto pledge. This builds upon an Executive Order issued by the President directing agencies to ignore earmarks concealed in report language – a step that will bring greater accountability and transparency and help reform the earmarking culture that leads to wasteful and excessive pork-barrel spending.
- Calls on Congress to approve a legislative line-item veto.