

What's In the Bush Budget???

A \$2 trillion Tax Cut In Means Everything Else Is Out

<i>What's Out...</i>	<i>What's In...</i>
Paying down the debt	No can do. Pass \$1 trillion bucks on to future generations.
Protecting the Social Security trust fund	\$591 billion in trust fund dollars "commissioned " for privatization and other purposes
Protecting the Medicare HI trust fund	Eliminating the HI trust fund
Tax cuts for <i>working</i> Americans	Tax cuts for <i>wealthy</i> Americans
A universal, comprehensive prescription drug benefit in Medicare	A short-term, inadequate cash benefit to States
Expanding health insurance coverage	Expanding tax cuts
Investment in education	Underfunding education
High priority domestic investments in the environment, law enforcement, nuclear cleanup, housing	7 percent cut in most domestic programs
A strong defense	No guaranteed resources for defense
A commitment to family farmers	No guaranteed resources for agriculture
<i>A balanced approach to the budget</i>	<i>A tax cut masquerading as a budget</i>

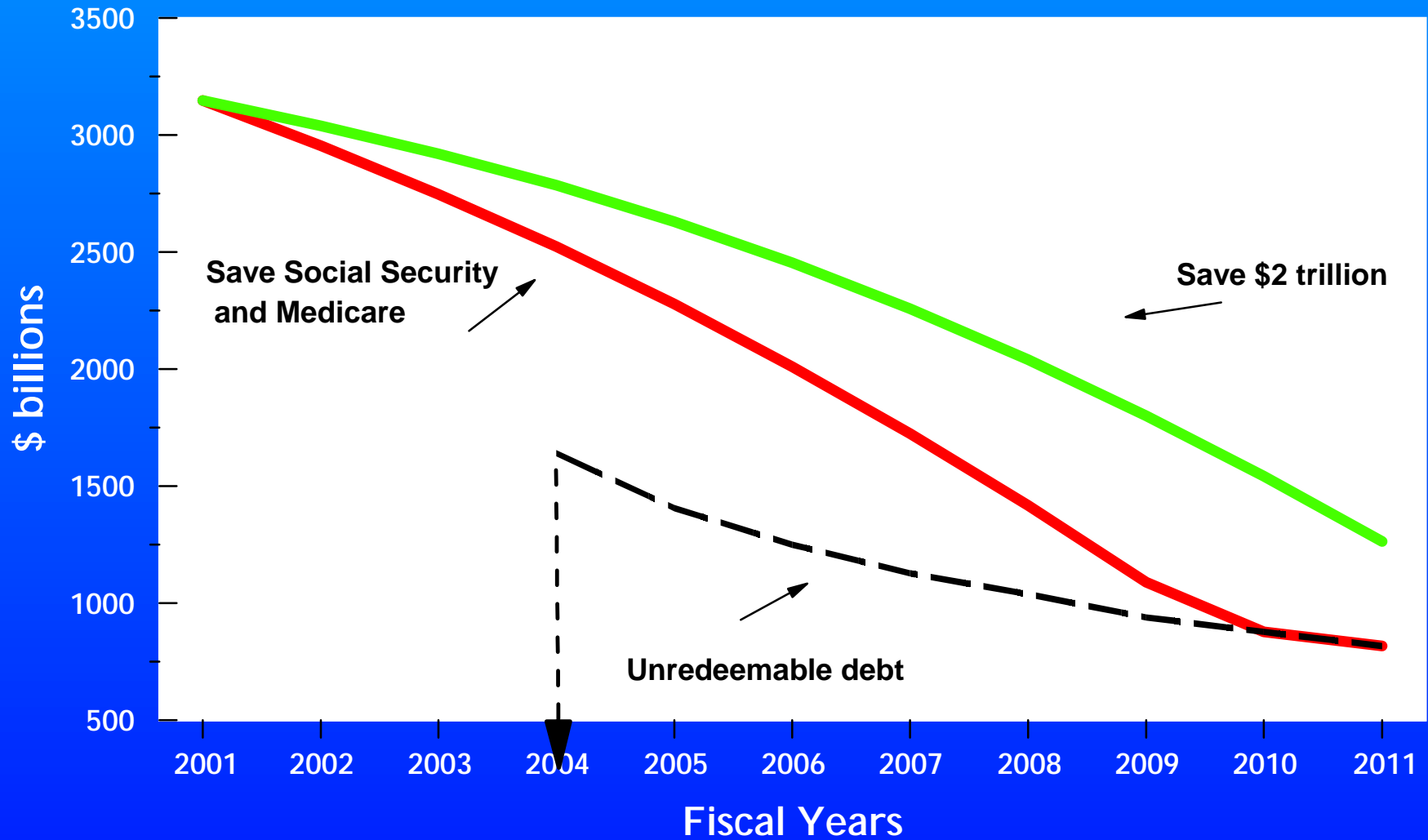
Table 1: The President's FY 2002 Budget Framework

(\$ billions)	2002-11
Projected total surplus	5,644
Social Security surplus reserved to pay down debt	-2,000
Social Security surplus not reserved	-591
Remaining surplus	3,053
<u>Allocation of surplus:</u>	
Bush tax cut	-1,990
<i>Tax cut changes</i>	-1,620
<i>Interest on tax cuts</i>	-370
Prescription drug benefit	-153
Discretionary spending adds	-30
Mandatory cuts (net)	+9
Contingency spending fund	-842
Interest costs on spending policy	-47
Total changes	-3,053
Remaining surplus	0

Table 2: Reserve Fund in the President's FY 2002 Budget

(\$ billions)	2002-11
Reserve for additional needs	1,433
Medicare reform and helping hand	-153
Additional spending (net)	-21
Interest on tax cut and spending	-417
Remaining contingency fund	842
Remove Medicare trust fund	-526
Extenders	-41
AMT	-308
Agriculture spending	-100
Interest on adds	<u>-95</u>
Fund balance	-228
<u>Other possible reserve funds</u>	
Social Security resources for the long term	???
National security requirements including missile defense	???
Hedge for uncertainty	???

Alternative Debt Scenarios



Excerpt from *The New York Times*

Gary Gensler, the Treasury Department official who oversaw the government debt markets during the Clinton administration, said the level of debt that could be paid off in the next decade was higher than Mr. Bush's team is suggesting.

He said no more than about \$500 billion of the debt would be difficult to buy back, less than half of what the administration said was realistic. As a result, he said, the entire Social Security surplus could be used to retire debt over the next decade.

Source: "President to Seek Cuts of \$2 Trillion of Debt in Decade," Richard W. Stevenson, February 27, 2001