

## Fact Check: President Bush's Budget

*Today, the President addressed the employees of Micron Technology where he discussed his recently submitted FY 2008 Budget. Unfortunatley, the President's budget fails at fiscal discipline. And, while Bush today said that the budget he submitted to Congress sets "clear priorities," the priorities his budget embraces are the wrong priorities for middle class Americans. Here's a look at the facts.*

### **The President's Failed Approach To Fiscal Discipline:**

**President Bush Touted His Plan For Reducing the Deficit.** "In 2004, I said, we can cut the deficit in half in five years. There was a lot of skepticism. Washington occasionally has skepticism. They said, you can't do that unless you raise taxes. Well, sure enough, we did do it by not raising taxes. As a matter of fact, we did so three years ahead of schedule." [President Bush, 2/6/07]

- **FACT: Under President Bush, Record Surpluses Turned into Record Deficits.** President Bush inherited a unified budget surplus of \$236 billion from President Clinton, the largest surplus in American history. When President Bush took office in 2001, budget surpluses were expected to continue for at least another ten years, and were projected to total \$5.6 trillion between Fiscal Years 2002 and 2011. Despite this, President Bush and his administration took these surpluses, and turned them into the three largest deficits in US history: [President Bush's Budget for Fiscal Year 2002, [A Blueprint for New Beginnings](#), 2/28/01; Office of Management and Budget]
  - \$378 Billion in 2003 (2<sup>nd</sup> largest deficit in U.S. History)
  - \$413 Billion in 2004 (Largest deficit in US History)
  - \$318 Billion in 2005 (3<sup>rd</sup> largest deficit in US History)

**President Bush Says He "Didn't Play Favorites" With His Tax Cuts.** "And so we cut taxes. We cut taxes on everybody who pays income taxes. I believe the best -- fairest policy in Washington is not to play favorite in the tax code, but say, if you pay income taxes, you ought to get a tax cut. And that's what we did." [President Bush, 2/6/07]

### **FACT: Bush Hands Out Massive Breaks for Multi-Millionaires:**

"Taxpayers with incomes above \$1 million would receive tax cuts worth \$73 billion, a little over one fifth of the tax cuts' total value in 2012. The average tax cut per household for this group would be \$162,000, according to Tax Policy Center estimates." [Center on Budget and Policy Priorities, [2/5/07](#)]

- **FACT: President Bush's Tax Cuts Are Grossly Inequitable.** "More than \$1 trillion in tax cuts would go to the top 1 percent of households, a group with annual incomes above \$400,000 in 2007. The highest income 1 percent of households thus would receive *nearly one third* of the tax cuts' total value." [Center on Budget and Policy Priorities, [2/5/07](#)]

**President Bush Believes Things Are Just Fine.** “In other words, things are fine right now...” [President Bush, 2/6/07]

➤ **FACT: Many of President Bush’s Underlying Assumptions Are Flawed.**

**Bush Budget Lowballs Costs of War.** The budget omits all costs for the Global War on Terror after 2009, even while the President resists bipartisan efforts to reverse course in Iraq. [President Bush’s Proposed Budget for FY2008]

**Bush Budget Assumes High Revenues.** Finally, the budget employs rosy revenue assumptions; it assumes \$155 billion more in revenue in 2012 than CBO does for the same policies. [Center on Budget and Policy Priorities, [2/5/07](#)]

**Bush Budget Hides Details of Domestic Cuts.** The budget assumes deep real cuts in domestic discretionary programs, but withholds details beyond 2008. [President Bush’s Proposed Budget for FY2008]

**The President’s Flawed Budget Priorities:**

**Bush Says Basic Fundamental Education Is a Priority for Success in the 21<sup>st</sup> Century.** “And coming to a company like this reminds me about some of the basic things we need to do. One, we need to make sure that we educate kids so that they can become employees in companies like this -- basic, fundamental education -- and encourage additional education for folks so they gain skills to fill the jobs of the 21st century.” [President Bush, 2/6/07]

➤ **FACT: The President’s Budget Does Not Support Education.** “The OMB tables show, for example, that in 2012, funding for elementary and secondary education would fall \$2.8 billion — or 6.8 percent — below the FY 2007 funding level (approved in the recent Continuing Resolution) adjusted for inflation.” [Center on Budget and Policy Priorities, [2/6/07](#)]

**Bush Claims Wage Earners Are Better Off Now.** “Real wages are up. That’s positive if you rely upon a wage. It’s up by 1.7 percent. Real wages is that beyond the cost of living. The average family of four making \$1,000 more this year than they were last year, and that helps a lot. [President Bush, 2/6/07]

➤ **FACT: Costs For Middle Class Families Have Risen More than Wages:**

- **Health Care Premiums Have Increased By Over 80 Percent.** The cost of family health insurance has skyrocketed 81 percent since 2000. Premiums are rising twice as fast as wages and inflation. The typical

family health insurance premium is now \$11,480 a year compared with \$6,348 in 2000. [Kaiser Family Foundation and Health Research and Educational Trust, 9/06]

- **Gas Prices Have Increased 70 Percent.** Prices at the gas pump jumped 70 percent from \$1.47 per gallon the week President Bush took office in January 2001 to \$2.31 today. The price for a barrel of oil has more than doubled during the Bush Administration from \$30.63 in January 2001 to \$61.96 in December 2006. [Energy Information Administration, *Weekly Retail Gasoline and Diesel Prices*, 1/8/07; Spot Prices for Crude Oil, 12/06]
- **College Education Costs Have Risen by as Much as 52 Percent.** Average tuition, fees, room, and board costs at four-year private universities have increased by \$8,127 from \$22,240 in the 2000-2001 academic year to \$30,367 in the 2006-2007 academic year. Tuition, fees, room, and board charges at four-year public colleges grew more rapidly between 2000-2001 and 2005-2006, after adjusting for inflation, than during any other five-year period since 1975. Total costs jumped from \$8,439 in 2000-2001 to \$12,796 in 2006-2007—an increase of \$4,357, or 52 percent. [College Board, 10/06]