

## Executive Summary: Budget Highlights

### *Honest Budgeting, Accountability and Fiscal Responsibility*

- **Cut the deficit the President inherited by at least half by the end of his first term.**  
The inherited deficit for 2009 is \$1.3 trillion, or 9.2 percent of GDP, and will fall to \$533 billion, or 3.0 percent of GDP by 2013.
- **Return to honest budgeting** with a budget that provides a projected cost for overseas contingency operations, such as wars in Iraq and Afghanistan; recognizes the statistical likelihood of natural disasters instead of assuming that there will be no disasters over the next decade; assumes the full cost of fixing the AMT each year; and accounts for the fact that payments to Medicare physicians will not be drastically cut. This adds more than \$2.5 trillion to our bottom line over 10 years. The Budget also provides a 10-year rather than a five-year look into our fiscal situation.
- **Return to pay-as-you-go budgeting**, by strengthening the budget enforcement rule with Congress that helped create the surpluses of a decade ago, the statutory pay-as-you-go rule.
- **Let Americans track how their tax dollars are spent**, and make sure that taxpayer dollars are spent wisely in our large entitlement programs.
- **Streamline government procurement and reform federal contracting and acquisition.**

### *Restoring Balance to our Tax System and Cutting Taxes for the Middle Class*

- **Make permanent the \$800 “Making Work Pay” tax cut for 95 percent of America’s working families** while preserving all dedicated payroll taxes that go to Social Security and Medicare.
- **Continue to cut taxes for the families of millions of children** through an expansion and continuation of the Child Tax Credit.
- **Make the \$2500 American Opportunity Tax Credit permanent to help kids afford college.**
- **No tax increases for families making less than \$250,000 a year** while allowing tax rates to go back to Clinton-era levels for those at the top.
- **Make saving for retirement easier as the economy recovers by laying** the groundwork for the future establishment of a system of automatic workplace pensions on top of and clearly outside of Social Security. This is expected to dramatically increase both the number of Americans who save for retirement and the overall amount of personal savings for individuals.

- **Help small businesses and innovative companies grow and create new jobs** by eliminating capital gains for individuals on the gain from the sale of certain small business stocks held for more than five years and by making the Research and Experimentation Tax Credit permanent.

### *Making Investments Critical to our Economic Future*

#### CLEAN ENERGY

- **Begin a comprehensive market-based approach to transform our energy supply and slow global warming.** The President will work with Congress to implement a cap-and-trade system to reduce greenhouse gas emissions and generate revenue of \$150 billion over 10 years that will go to develop clean energy technologies, industries, and jobs.
- **Modernize federal buildings and slash the federal government's energy use by 25 percent,** adding upon the \$4.5 billion provided in the Recovery Act to achieve the President's energy efficiency improvement goal by 2013.
- **Weatherize low-income homes,** saving working families on average \$350 per year.
- **Modernize the electric grid** by building on efforts in the Recovery Act to create a new, smarter electric grid for the integration and use of greater amounts of renewable energy; increased utilization of innovative efficiency technologies; and a reduction in the electric congestion that costs ratepayers billions of dollars each year.

#### HEALTH CARE

- **Transforming and modernizing the health care system by** setting aside a reserve fund of more than \$630 billion over 10 years that will be dedicated towards financing reforms in the American health care system. Funds will come from cutting waste, realizing efficiencies in Medicare and Medicaid and changing some upper-income taxes.
- **Reducing Medicare overpayments** to private insurers through competitive payments and improving Medicare and Medicaid payment accuracy.
- **Reducing drug prices by** accelerating access to more affordable generic versions of biologic drugs. This will be done through the establishment of a workable regulatory, scientific and legal pathway for generic biologic drug versions.

#### EDUCATION

- **Make a new investment in early childhood education by** doubling funding for the Early Head Start program, expanding Head Start, and beginning a major new effort to ramp up the Nurse-Home Visitation program.

- **Expand Pell Grants and put the program on sure footing**, indexing Pell grants to the Consumer Price Index plus 1 percent in order to account for inflation in this sector and making the Pell Grant program mandatory.
- **Triple the number of graduate fellowships in science, to help spur the next generation of home-grown scientific innovation.**

#### INFRASTRUCTURE

- **Establish a National Infrastructure Bank** to help modernize and upgrade our critical infrastructure.
- **Initiate a new federal commitment to high-speed rail**, proposing a \$1 billion a year high-speed rail state grant program, in addition to the \$8 billion provided in the recovery plan.
- **Enhance security at over 90 major ports, to improve homeland security, increase international trade and commerce, and create jobs.**
- **Invest in clean and safe drinking water** with programs to fund over 1,000 clean water and nearly 700 drinking water projects annually based on average project costs.
- **Expand access to broadband by** including \$1.3 billion in USDA loans and grants for the Department of Agriculture to increase broadband capacity and improve telecommunication service as well as education and health opportunities in rural areas.
- **Invest in the sciences** with a 16 percent increase over 2008 funding levels for the National Science Foundation and other research agencies.

#### NATIONAL SECURITY/VETERANS

- **Fully support our troops by** increasing the size of the Army and Marine Corps, increasing pay for men and women in uniform, and improving mental health care for soldiers and veterans – while saving money by reforming Defense department acquisition. The amount exceeds what the Bush Administration requested.
- **Increase funding for Veterans Affairs (VA) by \$25 billion over the next five years**, expand concurrent receipt of military retired pay and Veterans Disability Compensation to retirees who were medically retired from active service, and restore health care eligibility for modest-income veterans.

#### *The Numbers*

**The 2010 base discretionary request is \$1.13 trillion**, an increase of \$90.9 billion (8.0 percent) over the 2009 Bush base discretionary request of \$1.041 trillion (adjusted to include 2009 requested Transportation obligation limitations). However, the request is only \$71.2 billion (6.7

percent) over the likely-enacted amounts for FY 2009. Number includes “war funding” that previously had been excluded from other budgets.