



HOUSE BUDGET COMMITTEE

Democratic Caucus

The Honorable John M. Spratt Jr. ■ Ranking Member

B-71 Cannon HOB ■ Washington, DC 20515 ■ 202-226-7200

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Happy Fiscal New Year! Another Year of Republican Mismanagement

Today is the end of fiscal year 2005, another year marked by mismanagement of the budget, as evidenced by large deficits, mounting debt, irresponsible reconciliation, and appropriations bills not completed on time.

Third Largest Deficit in History –

According to the Congressional Budget Office (CBO), the deficit for 2005 will be the third worst in history – \$331 billion, and that’s before funding Hurricane Katrina. For the past three years, the Administration has racked up the three worst deficits in our nation’s history. Under this Administration’s policies, annual deficits are projected to never drop below \$323 billion and by 2015 to grow to \$640 billion. When President Bush took office in 2001, he inherited a projected ten-year surplus of \$5.6 trillion. Over the same ten-year period, this surplus has been turned into a \$3.5 trillion projected ten-year deficit – a swing of \$9.1 trillion in the wrong direction.

Another Debt Limit Increase on the Horizon – As a result of these large deficits, early next year the government is likely to increase the statutory debt limit above the current ceiling of \$8.184 trillion. As part of this year’s budget resolution, the House acknowledged this need by including a \$781 billion increase in the debt ceiling. The Senate has yet to approve this increase, but when it comes, it will be stacked on top of three previous debt limit increases – totaling \$2.2 trillion. To make room for the Bush budgets between 2002 and 2006, the debt ceiling has been or will be raised by as much as \$3 trillion.

Republican Budget Report Card

<u>Assignment</u>	<u>Grade</u>
•End String of Huge Deficits	F
•Pass Fiscally Responsible Budget	F
•Use Reconciliation Procedures Responsibly	F
•Enforce Budget Resolution	D
•Enact Appropriations Bills	D
•Renew Budget Disciplines	F

Budget Resolution Only Digs the Deficit Deeper – Rather than steer the budget back to balance, the budget resolution continues to make the situation worse. Over the next five years, their budget resolution actually increases deficits by \$167.5 billion relative to current law. By contrast, the budget resolution put forward by the House minority brought the budget back to balance by 2012.

Pursue Damaging Reconciliation Agenda – This year's budget resolution also set in motion a fast-track reconciliation process that would increase the deficit by \$35 billion while cutting student loans, Medicaid, and other essential programs. Following a letter from Democrats urging the indefinite suspension of reconciliation in light of Hurricane Katrina, Congressional leadership agreed to a temporary delay. However, they still intend to pursue reconciliation in the weeks ahead, with more deficit-financed tax cuts and more cuts to safety-net programs.

Bills Violate the Budget Resolution – As bad as the budget resolution is, the majority has subsequently made things even worse by repeatedly bringing forward legislation that violates the budget resolution's spending limits. On the highway bill, energy bill, and the two appropriations bill that have become law, the leadership has waived budget enforcement rules in order clear legislation that their budget did not accommodate.

Fails to Complete Appropriations Work on Time, Once Again – To ensure the smooth functioning of the government, all of the appropriations bills must be completed by the first day of the new fiscal year. Republicans this year have continued their recent habit of not completing this work on time. Despite their control of Congress and the White House, only two appropriations bills – covering less than four percent of the government's budget – have been signed into law. All other federal agencies will begin the fiscal year under a continuing resolution funded at or below their current level, leaving them unable to plan their budgets or pursue initiatives, and possibly requiring them to cut back for the next seven weeks.

No Renewal of Budget Enforcement Mechanisms – In 2002, Republicans let expire the effective budget enforcement mechanisms that had a track record of success – discretionary spending caps and the pay-as-you-go (PAYGO) system for mandatory spending and revenues. The Congressional leadership has failed to renew these budget processes which helped turn record deficits to record surpluses in the 1990s. In contrast, we support renewal of these common-sense budget enforcement mechanisms.

Belated Attention to Veterans' Needs – This summer, the Administration revealed that the Department of Veterans' Affairs faced a funding shortfall of \$1 billion for 2005 and that \$2 billion would need to be added to its funding request for 2006. These shortcomings had been foreseen by Democrats, and provided for in our budget.