



John Spratt,
Chairman

U.S. HOUSE OF REPRESENTATIVES

COMMITTEE ON THE BUDGET

207 Cannon House Office Building, Washington, DC 20515 (202) 226-7200 ★ www.budget.house.gov

March 28, 2007

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March 27, 2007

Top Five Reasons to Support 2008 Democratic Budget

Restores Fiscal Responsibility — This is a fiscally responsible budget that brings the budget back to surplus by 2012. It strictly adheres to the pay-as-you-go principle that the House passed in January, requiring that any increased costs for mandatory spending or tax policy be offset elsewhere in the budget. Our budget contains tough program integrity measures to crack down on wasteful spending, and it directs all committees to review their programs to promote efficiency and eliminate unnecessary spending.

Defends Our Nation — Our budget provides the necessary resources to meet critical threats to the nation and to deliver excellent health care to those who have served. The budget increases funding for veterans' services by \$6.6 billion over the 2007 level, and by \$3.5 billion above the President's request for 2008, to cover the VA's increasing patient load and the cost of forthcoming recommendations to improve health care facilities and treatment for service members and veterans. Our budget also provides robust defense funding while calling for a better targeting of resources to address the nation's most pressing security needs. Finally, it provides more homeland security funding than the President's budget to fund the 9/11 Commission's recommendations, reject the President's cuts to first responders, and adequately address port security needs.

Rejects Misguided Administration Budget — The Democratic budget stands in stark contrast to the Administration budget on many fronts. Our budget reaches balance in 2012 and starts paying down our debt. The Administration budget does neither. Our budget invests in vital services that help Americans – including Head Start, education, LIHEAP, COPS and other first responder programs, CDBGs, and child care – while the President's budget cuts each of these areas.

Promotes Economic Growth and Security — Most important, the budget reduces the deficit. That will decrease our reliance on foreign investors to buy our debt – since 2001, foreign ownership of Treasury securities has more than doubled to \$2.2 trillion, leaving our economy more vulnerable to foreign investment decisions and instability. Our budget invests in education, job training, and health care, which will make the workforce more productive. It stimulates the economy with investments in the farm economy and in research to develop clean, sustainable energy alternatives to help America achieve energy independence in 10 years. And our budget accommodates tax policy changes to reduce burdens on middle-income families, and to promote fairness and efficiency in our economy

(Continued)

Puts Children and Families First — The Democratic budget puts children and families first by investing in health care and education, accommodating tax relief to middle-income families, and providing assistance for hurricane-ravaged communities. The budget includes a \$50 billion reserve fund to expand the State Children’s Health Insurance Program (SCHIP) to cover more of the nine million children without health insurance in this country. It puts its money where its priorities are, increasing funding for education, social services, and job training programs by almost \$8 billion over the 2008 program level in the President’s budget – funding that could be used for vital programs such as Head Start, special education (IDEA), and Title I and other programs under the No Child Left Behind Act, as well as to raise the maximum Pell Grant to at least \$4,600 this year.



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March 26, 2007

Overview of the House Democratic Budget

The new House majority promised a new direction for the country — We pledged that we would work together to restore our economic health, reclaim our leadership position in the world, advance our national security, and invest in the future. We committed to restoring fiscal responsibility and instituting tough pay-as-you-go rules.

In the first 100 hours of the 110th Congress, the House began to make good on those promises — With bipartisan support, we passed strict budget procedures enforcing fiscal discipline and transparency in congressional spending, and legislation that implemented the 9/11 Commission recommendations, increased the minimum wage, paved the way for lower prescription drug costs, cut student loan costs, and ended costly oil subsidies while investing in renewable energy. And we did all of this while maintaining our commitment to fiscal discipline.

Our budget continues to advance these priorities — The budget balances in 2012 while accommodating additional tax relief for millions of middle-income families. It allocates funding for national priorities like children's health care and education. It begins to reverse six years of harmful spending cuts and fiscal mismanagement. It is the critical next step to make concrete the initiatives we have developed to move the country forward, and it set us on a course to build the future we want for our children and grandchildren.

Correcting the fiscal course of the country cannot be achieved overnight — The fiscal outlook we are confronting has deteriorated dramatically over the past six years. In 2001, the Administration inherited a projected ten-year (2002-2011) budget surplus of \$5.6 trillion. Within two years, that surplus was gone and the United States began accumulating a mountain of national debt, adding \$2.8 trillion to our federal debt burden since 2001. Most of this debt has been purchased by foreign investors, making the U.S. economy more vulnerable to economic and political instability and political pressure from abroad.

We have a responsibility to begin to clean up the fiscal mess that we have inherited — Deficits matter. The choice to live beyond our means comes at the expense of our children and grandchildren who will have to pay off that debt. Deficits also hurt economic growth by depressing national saving, leading to less capital for investment for the future. This leads to lower productivity and wages for future workers. The President's budget continues the fiscal approach that has brought us large deficits and growing debt. By contrast, our budget takes a necessary step towards eliminating our long-term budget deficit by adhering to the pay-as-you-go principle.

A balanced budget must be accompanied by balanced priorities — While regaining control over our economic future is critical, we must do so within the context of honoring our obligations. For the first time in six years, our budget resolution will return the federal budget to balance, in 2012, while providing sufficient resources to defend our country, deliver critical services to children and families, grow the economy, and preserve our planet.

2008 House Democratic Budget: Investing in the Future

The 2008 budget is the first fiscal down payment to fulfill commitments we have made to the American people. Within the context of a balanced budget, the resolution achieves key objectives in six areas:

Fiscal Responsibility

- Provides for budget surplus in 2012, in contrast to the President's budget, which is always in deficit
- Provides for greater deficit reduction than the Administration over five years
- Follows the pay-as-you-go principle

Defending Our Nation

- Provides robust defense funding levels while targeting resources on the most pressing security concerns
- Increases funding for veterans' health care and services by \$5.4 billion (14.4 percent) above current services
- Provides more homeland security funding than the Administration
- Provides funding for the 9/11 Commission recommendations

Putting Children and Families First

- Accommodates an increase of \$50 billion to expand children's health insurance to cover millions of additional uninsured children
- Provides a 2008 program level that is \$3.0 billion over current services for education, training, and social services, which includes funding for No Child Left Behind programs, special educations, and aid to help students afford college
- Accommodates relief from the Alternative Minimum Tax for millions of middle-income taxpayers, as well as extension of middle-income tax cuts
- Increases funds for Head Start and child care
- Provides new funding to assist communities and rebuild housing in the aftermath of Hurricane Katrina
- Rejects the President's cut to the Social Services Block Grant program
- Includes an affordable housing initiative

Growing Our Economy

- Begins to reverse six years of high deficits and mounting debt
- Funds the House Democratic innovation agenda, putting us on a path to double funding for NSF and providing significant increases in K-12 math and science education
- Accommodates policies to strengthen the farm economy
- Provides funding to reauthorize FAA programs and fully funds the highway bill
- Increases funding for programs such as Community Development Block Grants to promote economic development in local communities

Preserving Our Planet

- Accommodates comprehensive energy legislation promoting renewable energy, moving toward energy independence
- Increases conservation funding
- Rejects harmful Administration cuts in environmental programs

An Accountable and Efficient Government

- Institutes tough program integrity initiatives to crack down on wasteful or fraudulent spending in Social Security, Medicare, and Unemployment Insurance programs
- Supports IRS enforcement to collect unpaid taxes from those who are not paying what they owe, thus helping to close the tax gap
- Provides resources to reduce huge backlogs in claims processing in the Veterans Administration, Social Security Administration, and other agencies
- Directs committees to identify wasteful and lower priority spending that can be cut in order to fund more pressing needs



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Endorsements of 2008 Committee-Reported Budget Resolution (Status as of 3/28/2007)

American Academy of Pediatrics, March 27
American Association of People with Disabilities, March 26
American Association of School Administrators, March 27
American Association of University Women, March 27
American Chemical Society, March 27
American Electronics Association, March 28
American Farmland Trust, March 28
American Federation of State, County, and Municipal Employees, AFL-CIO, March 27
American Hospital Association, March 28
The American Legion, March 21
American Public Transportation Association, March 23
The ARC of the United States, March 26
ASME, March 28
Association of American Universities and National Association of State Universities and Land-Grant Colleges
Association of Child Support Attorneys of Los Angeles County, March 27
Association of Jesuit Colleges and Universities, March 27
Association of Public Television Stations, March 27
Audubon, March 27
Catholic Charities USA, March 27
Child Support Directors Association of California, March 27
Coalition on Human Needs, March 27
Committee for Education Funding, March 27
Computer & Communications Industry Association, March 28
Consortium for Citizens with Disabilities, March 26
Catholic Health Association, March 27
Council on Competitiveness, March 28
Defenders of Wildlife, March 22
Disabled American Veterans, March 21
Ducks Unlimited, March 27
Electronic Industries Alliance, March 28
Emergency Campaign for American's Priorities, March 27
Environmental Coalition (including American Rivers, Audubon, NRDC, Sierra Club, Wilderness Society and many others), March 26
Families USA, March 26
Food Research and Action Center, March 27
Independent Budget, March 21
Information Technology Association of America, March 27
Information Technology Industry Council, March 27
Institute of Electrical and Electronics Engineers, Inc., March 27
Leadership Conference on Civil Rights, March 28
League of Conservation Voters, March 27
Military Officers Association of America, March 26

National Child Support Enforcement Association, March 27
National Low Income Housing Coalition, March 26
National Women's Law Center, March 27, 2007
Fight Crime: Invest in Kids, March 27
National Advocacy Center, March 26
National Association of Counties, March 27
National Association of Federally Impacted Schools, March 27
National Association of Police Organizations, Inc., March 28
National Committee to Preserve Social Security and Medicare, March 27
National Council of La Raza, March 27
National Council of Social Security Management Associations, March 27
National Council of SSA Field Operations Locals, American Federation of Government Employees, AFL-CIO, March 27
National Education Association, March 26
National Head Start Association, March 27
National League of Cities, March 28
National School Boards Association, March 27
National Venture Capital Association, March 28
Ohio Child Support Enforcement Agency Directors' Association, March 27
OMB Watch, March 26
Results, March 28
The Science Coalition, March 28
Semiconductor Equipment and Materials International North America, March 27
Student Aid Alliance, March 27
Symantec, March 28
Technet, March 28
Technology CEO Council, March 29
Transportation Construction Coalition, March 23
Trout Unlimited, March 26
The Trust for Public Land, The Conservation Fund, The Nature Conservancy, and Land Trust Alliance, March 27
United Cerebral Palsy, March 26
United Spinal Association, March 27
US Action, March 27
U.S. Public Interest Research Group, March 27
Veterans of Foreign Wars of the United States, March 21
Wider Opportunities for Women, March 23
YWCA, March 28



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March 27, 2007

The Democratic Budget: Fiscal Responsibility and Accountable Government

Overview — After six years of an irresponsible fiscal policy that yielded record deficits, the Majority budget restores fiscal responsibility and brings the budget back to surplus by 2012. The budget reverses the recent trend toward unaccountable and inefficient government by including initiatives to crack down on wasteful spending.

Budget Brings the Budget Back to Balance — The budget resolution shows a surplus of \$153 billion in 2012, while the President's budget does not reach balance in the five-year period. Over five years, the budget has a bottom line \$234 billion better than the President's plan.

Budget Follows Pay-As-You-Go (PAYGO) Principle — In January, the House passed a tough new PAYGO rule, requiring that any increased costs for mandatory spending or tax policy be offset elsewhere in the budget. The budget resolution fully complies with the House PAYGO principle, and endorses making PAYGO even tougher by reinstating the statutory PAYGO law that was in place from 1990 until Republicans allowed it to lapse in 2002. This means that, in contrast to hundreds of billions of dollars of new mandatory spending that has occurred over the last six years, every penny of any new additional mandatory spending that occurs under this budget will be offset and will not make the deficit situation worse.

Administration Continues Fiscally Irresponsible Policies — By contrast, the Administration's budget continues the same policies that have shortchanged critical national priorities while increasing deficits. Since January 2001, a \$5.6 trillion ten-year surplus has been converted into record deficits and mounting debt.

More Responsible Budget Means Less Wasteful Spending for Interest on Debt — Because this budget has lower deficits and then reaches balance in 2012, it builds up less debt than the President's budget. By 2012, debt under the President's budget reaches \$5.8 trillion, while the tally under this budget is substantially less. In addition, lower deficits mean less spending for interest payments. Over five years, the budget resolution contains \$9.0 billion less in interest payments than the President.

This Budget is Latest Chapter in Democrats' History of Fiscal Responsibility — We have consistently put forward budgets that reach balance and invest in the right priorities. Last year, our budget balanced in 2012, and produced a better bottom line than the Republican budget or the President's budget, showing lower deficits than the President of \$45 billion over five years (2007-2011). The year before, our budget reached balance and beat the Bush budget by \$42 billion over five years (2006-2010) and the House-passed budget by \$65 billion over the same period.

Budget Includes Program Integrity Initiative to Reduce Wasteful Spending — Our budget contains tough program integrity measures to crack down on wasteful spending while ensuring that legitimate recipients of federal funds and law-abiding taxpayers are not penalized. To achieve this goal, the resolution provides for an adjustment of appropriations caps for four programs that account for a significant share of improper payments and, in the case of the IRS, unpaid taxes. These programs include: Social Security Administration Continuing Disability Reviews, IRS Tax Enforcement, the Medicare/Medicaid Health Care Fraud and Abuse Control Program, and Unemployment Insurance. The purpose of the cap adjustments is to provide more funding for enforcement activities that will generate significant savings without reducing needed funding for other appropriated programs.

Billions of Dollars in Wasteful Spending and Unpaid Taxes Identified — According to OMB, federal agencies made over \$40 billion in improper payments in 2006. An improper payment is defined as a payment made to the wrong recipient, containing an incorrect amount or involving an improper use of funds. In addition, the Internal Revenue Service has estimated that the “tax gap” (e.g. the gap between the amount of taxes owed and those collected) has ballooned to around \$300 billion a year, although not all of that total can be collected.

Deficit-Neutral Reserve Funds Promote Efficiencies — Our budget includes a number of deficit-neutral reserve funds to fund high-priority initiatives like children’s health insurance, creating long-term energy alternatives, affordable housing, and higher education. These reserve funds force committees to identify wasteful spending or lower priorities that can be cut to finance these initiatives.

Budget Calls for Annual Performance Reviews — In addition to program integrity enforcement initiatives, the Chairman’s mark directs House committees to conduct regular performance reviews of key federal programs to help eliminate unnecessary and wasteful spending, as part of the views and estimates process required by Section 301(d) of the Congressional Budget Act. Regular performance reviews have become an important tool by federal, state and local governments to stretch limited government dollars and seek better and smarter ways to improve government services. First advocated by the Clinton Administration, the National Performance Review (NPR) process directed agencies to identify problems, offer solutions and ideas for savings across personnel, procurement and budget categories. In its first year, the NPR produced 385 recommendations, saving \$108 billion.

Increases Funding to Speed Disability Claims Processing — Our budget increases funding above the President’s budget for VA to reduce its inventory of pending claims, and improve the speed and accuracy of its disability claims processing. Our budget allows VA to hire many more new personnel than the President’s budget. The additional resources for the Social Security Administration will prevent increases in the backlogs of disability decisions and hearings that would occur under the President’s budget. The resolution will enable SSA to address the significant number of individuals waiting for disability and hearing decisions.



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The Democratic Budget: Growing Our Economy

Overview — After six years of an irresponsible fiscal policy that has undermined our economy's future performance, the Democratic budget brings the budget back to balance while making the investments necessary to re-establish our economy as the most competitive in the world.

Budget Promotes Economic Growth by Achieving a Balanced Budget and Providing for Needed Investments — The budget outlines a fiscal policy strategy that will strengthen the economy. First, it reduces the deficit, which will increase public and national saving, and in turn, promote economic growth. Second, it adequately invests in education, job training, and health care, which will make the workforce more productive. Third, it allows for tax policy changes that will reduce burdens on middle-income families, be more fair and more efficient, and be more conducive to economic growth.

Budget Invests in Economic Growth by Funding Education – The budget increases funding for vital programs such as Head Start, special education (IDEA), Title I and other programs under the No Child Left Behind Act. The budget also provides for funding the increase in Pell Grants so that high school students know that if they work hard, they can go to college. Meanwhile, the budget rejects the President's proposal to cut funding for the Department of Education by \$1.5 billion below the 2007 enacted level and eliminate 44 different programs.

Budget Provides Funding for Innovation Agenda — In order to maintain American competitiveness, we must make substantial investments in scientific research and education. The budget provides funding for initiatives to educate new scientists, engineers, and mathematicians in the next four years, and place more highly-qualified teachers in math and science K-12 classrooms. It makes critical investments in basic research, putting us on the path to doubling funding for the National Science Foundation, and bolstering investments in research and development throughout the budget.

Majority Budget Provides Funds for Critical Investments in Energy Independence — America's dependence on oil is damaging to our environment, our national security, and our economy. A sustained investment in research and development is crucial to creating cutting-edge technologies that allow us to develop clean, sustainable energy alternatives and capitalize on America's vast renewable natural resources. The budget provides increased funding for basic and applied energy research, to help America achieve energy independence in 10 years.

Budget Reverses Administration's Poor Track Record on Deficits, National Saving, and Foreign Debt — By bringing the budget back to balance, the budget resolution reverses the Administration's dismal track record on deficits, national saving, and foreign debt. The budget deficits created by the Administration's policies have driven down national saving, which dropped from 5.0 percent of national income when President Bush took office to just 1.7 percent today. The low rate of national saving means that Americans need to borrow more from abroad to support current levels of consumption and investment. In fact, since 2001, foreign holdings of Treasury securities have more than doubled, and increases in foreign holdings account for about three-fourths of the newly accumulated public debt. This increased reliance on foreign capital, coupled with a low national saving rate, heightens the risk that interest rates will need to rise in order to attract foreign lending and

makes the U.S. economy more vulnerable to foreign investment decisions. Higher interest rates will increase the cost of borrowing for American families, meaning that households will pay more for expenses such as college tuition and home ownership.

Budget's Fiscal Responsibility Raises the Standard of Living for Future Generations — The budget accumulates less debt and smaller interest payments than the President's budget, and, unlike the President's budget, returns to balance. Getting our fiscal house in order is critical, because putting off paying down the debt for 20 years turns every dollar of debt into more than three dollars, assuming a relatively low interest rate of 6 percent. This means the burden handed down to younger generations is many times the size of today's deficits. Greater reliance on foreign capital to finance the Administration's deficits also means that as our children and grandchildren pay down this multiplied debt over the rest of their lifetimes, they or other younger Americans will not be on the receiving end of those payments – younger citizens of *other* countries will be.

Budget Strengthens Agricultural Economy and Rural Communities — The budget supports an enhanced farm bill that would strengthen the farm bill's economic benefits. The budget provides a deficit-neutral reserve fund for the reauthorization of the farm bill, allowing for an increase of up to \$20 billion in mandatory agriculture funding between 2008 and 2012. The farm bill provides valuable support to our nation's farmers, ranchers, and rural communities by creating an economic safety net for producers, installing natural resource conservation measures on agricultural operations that also enhance farm income, and investing in research and rural development projects that strengthen our rural economies.

Budget Boosts Funding for Transportation Infrastructure — The budget addresses the nation's transportation challenges by increasing federal investment in transportation infrastructure. To the average American, this will mean: shorter commutes that save time and fuel; better access to work, school, health care, and recreation; lives saved (many of the more than 43,000 highway fatalities each year could be prevented); and fewer delays for the estimated 794.3 million passengers who will travel by air in fiscal year 2008.

Administration Economic Policies Have Weakened Competitiveness and Hurt the Typical American Family — In its most recent study on global economic competitiveness, the World Economic Forum (WEF) concluded that the U. S. economy has slipped from first to sixth in global competitiveness, in part because of large budget deficits and mounting government debt. Meanwhile, the typical American family has experienced a decline in real income over the Bush Presidency, meaning it has less purchasing power today than in January 2001. Real median income in 2005 had declined \$1,273 per family (2.7 percent) below its level in 2000. The Administration's budget includes no efforts to reverse this trend, while the Democratic budget calls for greater investment in education and job training, leading to higher productivity and better wage growth in the future.

Administration Economic Claims Don't Withstand Scrutiny — Economic growth since the implementation of the tax cuts has failed to match CBO's estimate of economic growth *without* the tax cuts, and the economy's performance is generally weak compared to comparable points in other economic recoveries. Meanwhile, total job growth under President Bush is far behind the job gains experienced under President Clinton, and less than one-third of the 237,000 jobs per month created on average during the Clinton Administration.



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March 27, 2007

The Democratic Budget: Defending Our Nation

Overview — After six years of failing to sufficiently address some of our most pressing security needs, the Majority budget provides the necessary resources to meet critical threats to the Nation and to deliver excellent health care to those who have served.

The Majority Budget Provides Sufficient Funding for National Defense and Calls for a Shifting of Resources to Address the Nation's Most Pressing Security Needs — The Majority budget calls for shifting funds from missile defense and satellite acquisition, and savings from implementing GAO-recommended initiatives to combat wasteful spending, to Cooperative Threat Reduction (a 9/11 Commission recommendation), to mitigate shortfalls at Walter Reed and other health care facilities, to eliminate Tricare fee increases, and to ensure adequate benefits for the troops (such as pay increases to retain experienced personnel).

The Majority Budget Provides More for Key Homeland Security Budget Functions — The Majority budget provides more for 2008 than the President's budget for the four budget functions that fund the bulk of non-DoD homeland security initiatives. These additional funds could be used for a number of critical priorities, including:

- **9/11 Commission Recommendations** — H.R. 1 authorizes funds to implement the 9/11 commission recommendations. Among them include: increase efforts to screen cargo on passenger aircraft, scanning shipping containers in foreign ports, and enhancing interoperable communications.
- **First responders** — The Majority budget places high priority on rejecting the President's cuts to first responder programs, which include:
 - ▶ Local Law Enforcement Terrorism Prevention grants (cut \$112 million)
 - ▶ State Homeland Security Grant Program (cut \$338 million)
 - ▶ Urban Area Security Initiative (cut \$170 million)
 - ▶ Firefighter assistance grants (cut \$362 million)
 - ▶ Staffing for Adequate Fire and Emergency Response Firefighters (cut \$115 million)
 - ▶ Byrne Justice Assistance Grants (cut \$170 million)
 - ▶ Community Oriented Policing Services (COPS) (cut \$510 million)
- **Port Security** — The President's budget included only \$210 million for port security grants, \$190 million short of the authorized level of \$400 million per year. Additional funding provided in the Majority budget in Function 450 (Community and Regional Development) could be used to address these needs.

The Majority Budget Increases Veterans' Health Care — The Majority budget provides the funding needed to meet our obligations to our veterans. It provides \$43.1 billion for 2008, \$6.6 billion more than 2007 and \$5.4 billion more than the CBO baseline projection. The Majority budget provides \$3.5 billion more than the President's budget and increases funding for veterans each year. These additional resources will cover

increases in the costs of health care, the VA's increasing patient load, including veterans of Iraq and Afghanistan, and help cover the cost of forthcoming recommendations to improve military and veterans' health care facilities and treatment.

More Funding for Mental Health and Traumatic Injuries — The Majority budget increases funding above the President's budget for researching and treating the following conditions with which many Iraq and Afghanistan veterans have been diagnosed:

- Mental health problems,
- Post-Traumatic Stress Disorder,
- Traumatic brain injuries, and
- Spinal cord injuries.

Rejects the President's Proposed Fee Increases for Veterans' Health Care — The Majority budget saves veterans from paying \$2.3 billion in increased fees over five years. The President's budget proposes increasing fees on Priority 7 and Priority 8 veterans totaling \$355 million in 2008 and \$2.3 billion over five years. The Congress has rejected these fee increases four years in a row.

Increases Funding to Speed Disability Claims Processing — The Majority budget increases funding above the President's budget for VA to reduce its inventory of pending claims, and improve the speed and accuracy of its disability claims processing. The mark allows VA to hire many more new personnel than the President's budget.

VA is Treating More Patients Every Year and 2.4 Million More than Ten Years Ago — There are currently more than 23 million veterans. Although the number of veterans is declining, the number of VA patients is rising. Over the ten years between 1996 and 2006, the number of VA patients increased from about 3 million to more than 5.4 million (an increase of 2.4 million or 80 percent). For 2008, VA projects 5.8 million patients.

VA is Treating Many More Iraq and Afghanistan War Veterans Each Year — VA treated just under 14,000 Iraq and Afghanistan war veterans in 2003. In 2006, VA treated about 155,000, a ten-fold increase (increase of 141,000). For 2008, VA expects to treat more than 263,000 Iraq and Afghanistan war veterans.

The President's Budget is Inadequate to Meet Growing VA Health Care Challenges — While the President's budget for 2008 is \$3.1 billion more than 2007, it is not enough to cover increases in health care costs and the number of patients. After 2008, the President's budget cuts funding for veterans for a net reduction of \$3.6 billion over five years.



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The Democratic Budget: Putting Children and Families First

Overview — After six years of an Administration and Republican Congress that under-invested in key priorities in order to help finance tax cuts for the most fortunate, the Democratic budget puts children and families first by investing in health care and education, and providing assistance for hurricane-ravaged communities.

Budget Addresses Problem of Children Without Health Insurance — There are nine million children without health insurance even though nearly six million of them are eligible for Medicaid or the State Children's Health Insurance Program (SCHIP). The budget includes a deficit-neutral reserve fund to provide up to \$50 billion in additional resources to improve children's health – enough to insure millions of eligible children and reduce the number of uninsured children over the next five years. According to CBO estimates, the President's budget would actually do the opposite and would result in *fewer* children and pregnant women receiving coverage than currently do.

Budget Invests in Education — At a time when more than 10 percent of students drop out of high school before graduating and only four out of ten children eligible for Head Start are able to participate, the budget reverses the Administration's policy of under-investing in education for our children. The budget rejects the President's proposal to cut funding for the Department of Education by \$1.5 billion below the 2007 enacted level and eliminate 44 different programs, and provides for substantial new investments to increase funding for vital programs such as Head Start, special education (IDEA), Title I and other programs under the No Child Left Behind Act. The Chairman's mark also provides for funding the increase in Pell Grants so that high school students know that if they work hard, they can go to college.

Budget Prioritizes Community Development Block Grant (CDBG) — The budget rejects the President's proposal to cut funding for the Community Development Block Grant by \$1.1 billion below last year's level, and instead provides for the first CDBG increase since 2005. The cut advocated by the President would endanger job creation, economic development, and affordable housing efforts by nearly 1,200 state and local governments which currently receive CDBGs.

Budget Addresses Affordable Housing — The budget includes a reserve fund to finance efforts to reverse the decline in affordable housing without increasing the deficit. According to the Census Bureau, we have lost nearly a million affordable housing units since 2001, and at least 14 percent of those that remain have moderate to severe physical problems. The number of renters paying more than 30 percent of their income for housing reached an all-time high in 2003 and continues to climb.

Budget Rejects President's Cuts to Other Programs — At a time when the number of Americans living in poverty has increased by 5.4 million since 2000, the budget rejects the President's harmful cuts to other critical services that help struggling families, including:

- ▶ Rejecting the President's proposal to eliminate the **Commodity Supplemental Food Program**, which provides nutritious, home-delivered meals to nearly 500,000 people in 32 states each month, most of them seniors;
- ▶ Rejecting the President's \$379 million (18 percent) cut to the **Low-Income Home Energy Assistance (LIHEAP)**.
- ▶ Rejecting the President's proposal to terminate **food stamps** to 280,000 low-income working families.
- ▶ Rejecting the President's proposal to cut the **Child Care Development Block Grant** and the **Social Services Block Grant** by a total of \$520 million below the 2007 level, leading to a decline in children receiving assistance so their parents can work. Our budget would allow for the first increase in child care funding since 2002.

Budget Accommodates Shielding Middle-Income Americans from the Alternative Minimum Tax — The budget would accommodate immediate relief for the tens of millions of middle-income households who would otherwise be subject to the AMT while supporting the efforts of the Committee on Ways and Means to achieve permanent, revenue-neutral AMT reform. Unless the AMT is reformed, 19 million additional families will have to pay higher taxes in 2007.

Budget Accommodates Other Middle-Income Tax Relief — The budget would also accommodate extension of other middle-income tax relief, consistent with the Pay-As-You-Go principle. These tax cuts include: the child tax credit, marriage penalty relief, the 10 percent bracket, and the deduction for state and local sales taxes.

Budget Provides Resources for Response to Hurricane Katrina — More than a year and a half after Hurricane Katrina, housing shortages caused rent to increase by 39 percent and more than half of households do not have gas or electricity. Our budget recognizes the daily challenges faced by Gulf Coast families and provides substantial resources to address gaps in the federal response. The budget provides additional disaster relief funding for 2007 to replenish FEMA funds and help finance planning for the next hurricane. The budget also provides new funds for 2008 to jump-start the recovery in five other priority areas: housing, small business development, public infrastructure, education, and public health.



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Chairman

U.S. HOUSE OF REPRESENTATIVES

COMMITTEE ON THE BUDGET

207 Cannon House Office Building, Washington, DC 20515 (202) 226-7200 ★ www.budget.house.gov

March 27, 2007

The Democratic Budget: Preserving Our Planet

Overview — After six years of cutting environmental programs and failing to reduce our dependency on foreign oil, the budget provides funding to make improvements in our environment and makes a real commitment to renewable energy.

Budget Begins Rebuilding Our Natural Resources and Environment Programs — The Democratic budget rejects the President's cuts and instead supports valuable natural resource conservation and environmental protection programs that both preserve our planet and enhance our quality of life. In 2008, it makes a down payment on reinvesting in our conservation and environmental protection infrastructure by providing substantially more funding than the President's budget to address a number of priority needs.

Budget Rejects Harmful Administration Cuts to Core Environmental Programs — Our budget rejects the Administration's proposed cuts to core environmental programs, such as the Land and Water Conservation Fund, the Fish and Wildlife Service's wildlife refuge system, and EPA's grants to states and tribes to address water quality, air quality, and brownfield redevelopment concerns.

Budget Addresses Renewable Energy Research Needs — The budget provides funding above the President's recommended level for civilian energy and environmental programs in the Department of Energy that make important contributions to U.S. energy security, independence, and efficiency. This increased funding could be used for important research, development, and deployment of renewable and alternative energy technology and resources. This budget also recognizes and approves of the role that other federal agencies, such as the Department of Agriculture, could take in developing new energy sources such as cellulosic ethanol.

Budget Supports Increased Funding for Energy Alternatives — The budget establishes a reserve fund to accommodate the development of energy conservation and efficiency technologies, clean domestic renewable energy resources, and alternative fuels that will reduce our reliance on foreign oil.

Budget Accommodates Increase in Agricultural Conservation Funding — The budget provides a deficit-neutral reserve fund for the reauthorization of the farm bill. In order to improve not only the safety nets for our farmers and ranchers, but also the safety nets for our natural resources, rural communities, and low-income citizens, the budget would allow for a \$20 billion increase in mandatory agriculture funding between 2008 and 2012 for a reauthorized farm bill. Increased funding in the farm bill for the Department of Agriculture's natural resource conservation programs can help agricultural producers better comply with environmental regulations while also providing valuable natural resource benefits for the public, such as cleaner water and more abundant wildlife.

Under the Bush Administration's Leadership, Funding for Natural Resources and Environment Programs Has Been Cut in Real Terms — Since 2001, the Bush Administration and the Republican-led Congress have chronically underfunded the natural resources conservation and environmental protection programs that are important for preserving our planet and protecting our quality of life.

Over eight years (2001 through 2008), total funding for Function 300 programs has fallen by 16 percent since 2001 (in constant 2006 dollars).

The President's Budget Continues to Cut Environmental Programs — The Administration continues to tout its commitment to environmental protection and conservation, but reality does not match the rhetoric. For 2008, the President's budget once again significantly cuts funding for programs that protect public health and the environment. It includes \$28.7 billion in discretionary funding for these programs, which is \$1.7 billion (5.4 percent) below the 2007 level, and is \$2.5 billion (8.0 percent) below the level needed to maintain current services. These substantial cuts undermine the ability to meet critical environmental needs, and jeopardize our nation's treasured resources.

Department of Interior and EPA Budgets Underscore the Administration's Misguided Spending Cuts — Two agencies in particular – the Department of the Interior (DOI) and the Environmental Protection Agency (EPA) – highlight how the President's budget priorities have fallen short of the Administration's rhetoric to conserve our natural heritage and enhance the environment. Since 2001, DOI's budget has been cut by 12 percent (from about \$11.7 billion to \$10.2 billion) in constant 2006 dollar terms. Similarly for EPA, since 2001 the agency's budget has tumbled by 22 percent (from about \$8.9 billion to \$6.9 billion) in constant 2006 dollar terms.

The President's Environmental Cuts Hurt Local Communities — The Administration's cuts to core environmental programs impacts states and local communities. For example:

- ***EPA Cuts*** – Despite the fact that states and local governments are important partners with EPA to monitor environmental quality and protect public health, cuts to EPA's state and tribal grants programs may force local agencies to lay off staff or shut down their existing programs.
- ***Clean Water Infrastructure Funding*** — An EPA analysis shows that there is a \$122 billion shortfall in capital infrastructure investment just to maintain current water quality standards. Despite the agency's own analysis of the critical need for water quality infrastructure, the Administration has continued to cut funding for grants to states to address this gap. The President's 2008 budget cuts the Clean Water State Revolving Fund to \$688 million, a cut of \$396 million (or 36.5 percent) below the 2007 level. In inflation adjusted dollar terms, this funding level is \$922 million below the historical average and is the lowest level of funding in at least 20 years.
- ***Land and Water Conservation Fund*** — According to a recent U.S. Forest Service report, the U.S. loses about 6,000 acres of open space every day, or a rate of four acres every minute. The loss of open space poses a threat to the health and sustainability of ecosystems and the character of rural, suburban, and urban communities. Land acquisition programs funded through the Land and Water Conservation Fund (LWCF) are valuable tools for addressing the increasingly significant loss of open space, forests, and wildlife habitat. The President once again not only fails to fund the LWCF at the authorized level of \$900 million, but provides only \$59 million for 2008 for the intended LWCF purposes of preserving parks, forest, wildlife refuges, and open space. Since 2001, this Administration has cut land acquisition funding from the LWCF by \$394 million (or 87 percent).



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March 28, 2007

False Republican Claim That the Democratic Budget Raises Taxes

“Thus, to be clear, the budget resolution does not call for or require a tax increase”

– Concord Coalition, March 28, 2007

“The House plan does not include a tax increase”

– Center on Budget and Policy Priorities, March 28, 2007

“The budget would not raise taxes”

– The Hamilton Project at the Brookings Institution, March 28, 2007

Our budget resolution does not contain a single penny of tax increases – period. Republicans have been inaccurately claiming that the Democratic budget includes the largest tax increase in history – a charge that is simply not true.

Claim refuted by respected budget think tanks. **The Concord Coalition** states it most succinctly in a March 28 issue brief: “Thus, to be clear, the budget resolution does not call for or require a tax increase.” **The Center on Budget and Policy Priorities** reaches the same conclusion: “Some are claiming that the budget plan adopted last week by the House Budget Committee, which the full House is expected to vote on this week, would constitute ‘the largest tax increase in history.’ This claim is incorrect. The House plan does not include a tax increase” according to a CBPP document released March 28. **The Hamilton Project at the Brookings Institution** agrees: “The budget would not raise taxes” it states in a March 28 letter.

The 2008 budget resolution accommodates extension of the middle-income tax cuts. Section 401 of the budget resolution clearly states the budget’s support of the extension beyond 2010 of the middle-income tax cuts – including the child tax credit, marriage penalty relief, the ten percent individual income tax bracket, estate tax reform, research and development tax credit, and the deduction for state and local sales taxes. Section 203 of the budget resolution clearly provides a reserve fund for the extension of those tax cuts, as long as the legislation complies with the House Pay-As-You-Go rule.

The 2008 budget resolution also accommodates reform of the Alternative Minimum Tax to shield middle-income taxpayers from hidden tax hikes. Section 401 also states the policy of the budget resolution to protect middle-income taxpayers against the looming threat of the Alternative Minimum Tax. Section 202 of the budget resolution clearly provides a reserve fund for the reform of the AMT, as long as the legislation complies with the House Pay-As-You-Go rule. Unless the AMT is reformed, 19 million additional families will have to pay higher taxes in 2007.

The 2008 budget resolution leaves current tax cuts in place now, and provides for their responsible extension in the future. Nothing in this budget resolution will change the tax cuts that are currently on the books for the next four years.

Republican deficit-financed tax cuts mean future tax increases on our children. Republicans want to extend the tax cuts through deficit-financing – charging them to the national credit card and leaving our children and grandchildren to pay higher taxes in the future to pay the bill, with interest. A better approach is to extend the tax cuts in a fiscally responsible and cost-effective manner. The first place to look to help pay for tax cuts we want to extend is to crack down on wasteful or fraudulent spending and squeeze out more of the “tax gap” – which totals around \$300 billion per year and represents taxes that are already owed under current tax law but are not collected.

Claims about tax cuts are hypocritical. While touting the deficit-financed extension of all of its 2001 and 2003 tax cuts, on the one hand, the President’s budget would impose nearly \$81 billion in new taxes over the next five years in the form of user fees for veterans, seniors, and other taxpayers. In addition, the President’s proposal to eliminate the exclusion for employer-provided health care and replace it with a standard deduction would increase taxes by more than \$300 billion.



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Tax Increases in the Administration's Budget

The President's Budget Proposes Over \$400 Billion in Tax Increases — The President's budget includes dozens of proposals to raise taxes and increase the cost of user fees for taxpayers. The Administration's budget proves that almost no American is safe from the its tax increases, calling for higher user fees on seniors, veterans, and workers with health insurance. The Administration's tax increases are significant, amounting to a total of \$414.3 billion in higher taxes and increased user fees.

President Proposes \$334 Billion in New Taxes on Workers with Health Insurance — The President's budget eliminates the exclusion for employer-provided health care and replaces it with a standard deduction for taxpayers with health insurance. The Joint Committee on Taxation (JCT) estimates that this plan will raise taxes on over 30 million workers in 2009, and will increase workers' tax liability by \$333.6 billion over ten years.

Administration Proposes \$80.7 billion in New User Fees — The Administration's budget imposes new user fees totaling \$80.7 billion over five years; almost double the level of new user fees proposed last year. The new fees include items such as requiring certain veterans to pay enrollment fees for medical care and charging higher premiums to companies for pension insurance. Some of the more significant user fees proposed by the Administration include:

Bush Tax Increases Total Over \$400 Billion

Total Tax Increases in Billions of Dollars

Taxable Health Insurance Premiums	\$333.6 Billion
Fees For Veterans' Health Care	\$2.3 Billion
Premiums For Medicare Beneficiaries	\$5.5 Billion
Medical Care Fees For Military Retirees	\$14.5 Billion
Pension Benefit Guarantee Corporation Premiums	\$5.5 Billion
Fees For Air Traffic Control	\$36.4 Billion
Other User Fees	\$16.5 Billion
Total Bush Tax Increases	\$414.3 Billion



*Health Insurance Premium Tax is a 10-year cost, all others are 5-year costs.

3/27/2007

- **Increased Fees for Veterans' Health Care:** The budget imposes new enrollment fees and increases co-payments on veterans for health care. Fee collections would be \$2.3 billion from 2008-2012; Congress has rejected such proposals in each of the last four years.
- **Increased Pension Benefit Guarantee Corporation Premiums:** The budget increases flat-rate premiums currently used in single-employer pension plans from \$19 per participant to \$30 per participant and increases variable rates to reflect new funding targets. Fee collections amount to \$5.5 billion over five years.
- **User Fees for Air Traffic Control:** Beginning in 2009, the Administration proposes a user fee system

to finance the Federal Aviation Administration's (FAA) air traffic control services. The new cost-based system generates \$35.4 billion in discretionary offsetting collections over the 2009-2012 period and reduces receipts by \$36.4 billion over the same period.

- **Increased Medical Care Fees for Military Retirees:** The budget increases enrollment fees and deductibles under Tricare for military retirees under the age of 65. This proposal assumes savings of \$14.5 billion over five years.
- **Applies Income-Related Medicare Premiums to More Beneficiaries:** The budget eliminates the indexing of income thresholds that trigger higher Medicare premiums, with the result that a growing proportion of middle-income seniors will be affected by the means-tested premium every year. The budget uses the same unindexed income thresholds to establish new income-related premiums for the Medicare prescription drug benefit. The combined effect of these proposals is to increase premium receipts by \$5.5 billion over five years.



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Vote No on Republican Substitute 2008 Budget

Not a Fiscally Balanced Budget — The Minority substitute budget has larger deficits than the Democratic budget in 2008 and in 2012, and reaches balance in 2012 only by making unrealistically deep cuts in domestic programs and relying on odd and unlikely assumptions about the rate of defense spending. Since President Bush took office, the national debt has increased by \$3.1 trillion, and foreign ownership of Treasury securities has more than doubled to \$2.2 trillion, leaving our economy more vulnerable to foreign investment decisions and instability.

Violates Pay-As-You-Go Rule — The Minority substitute violates a basic tenet of the House's fiscal responsibility rules passed in the first 100 hours: it includes \$447 billion of tax cuts that are not offset, breaking the pay-as-you-go rule. It then changes the House rule to exempt changes in revenues from the pay-as-you-go requirement, leaving the House free to follow past Republican practices that provided big tax cuts that the country could not afford, and that left the bill to be paid by our children and grandchildren.

Requires Drastic Cuts in Medicare, Medicaid, and Farm Programs — Not only does the Minority budget fail to provide a single additional penny for the State Children's Health Insurance Program (SCHIP), it goes even further than the President's deep cuts to Medicare and Medicaid, requiring reconciled cuts of \$250 billion over five years from the Ways and Means Committee and the Committee on Energy and Commerce. These reconciled cuts would require drastic cuts in the Committees' major programs – Medicare and Medicaid – and the safety net programs such as child care, TANF, and SSI. To put the budget's \$250 billion of cuts in perspective, the President's budget cut the major health programs by \$70 billion over five years. The Minority budget also includes \$28 billion of reconciled cuts to other committees, including \$10 billion to Agriculture (see complete list of reconciled cuts on the next page).

Provides Unrealistic Discretionary Funding — The Minority budget basically reflects the funding priorities of the President's budget. Because it does not show its split between discretionary and mandatory spending, all one can see is that from 2010-2012, the budget provides \$38 billion more defense budget authority but \$60 billion less defense outlays than the President's budget – helping its bottom line by cutting defense outlays. This odd assumption about outlays can only reflect less funding for operation and maintenance accounts and military personnel accounts, which spend out quickly. In addition, the Minority budget cuts spending in virtually all budget functions more deeply than the President's budget. These funding levels would cut domestic services by an unrealistic amount, devastating vital public health, education, safety net, and infrastructure programs.

Republican Substitute Slashes Important Programs and Makes Deficit Worse

Reconciliation Instructions in Minority Substitute		
	<u>2008</u>	<u>2008-2012</u>
Agriculture	-452	-9,849
Education and Labor	-3,456	-4,906
Energy and Commerce	-8,344	-97,359
Judiciary	-265	-3,515
Natural Resources	-1,507	-4,647
Transportation and Infrastructure	-460	-4,272
Ways and Means	-10,109	-153,122
Other Committees	-70	-1,060
Total Spending Cuts	-24,663	-278,730
Ways and Means Revenue Losses	-48,912	-447,221
DEFICIT WORSENE D BY:	24,249	168,491

In millions of dollars



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Republican Budgets Drive Debt Deeper

National Debt Explodes Under Republican Policies

— Since this President took office, the national debt has increased by \$3.1 trillion, and this trend is expected to continue under the Administration’s policies. By the end of 2008, the Administration will have added \$3.9 trillion to the national debt – undermining our economic health today and our children’s well-being in the future.

Administration Has Worst Fiscal Record in History

— During the six years of the current Administration, the government has posted the highest deficits in the nation’s history. The Administration has squandered the budget surplus it inherited, transforming a \$5.6 trillion projected ten-year surplus (2002-2011) into a deficit of \$2.8 trillion over the same period, a swing of \$8.4 trillion based on realistic estimates of the costs of the President’s policies. The President’s new budget calls for more of the same policies, resulting in deficits for as far as the eye can see.

National Debt	
Debt When Bush Took Office	\$5.7 Trillion
Debt Today	\$8.8 Trillion
Debt Added So Far	\$3.1 Trillion
Debt Projected At The End of Presidency	\$9.6 Trillion
Total Administration Increases To The Debt	\$3.9 Trillion

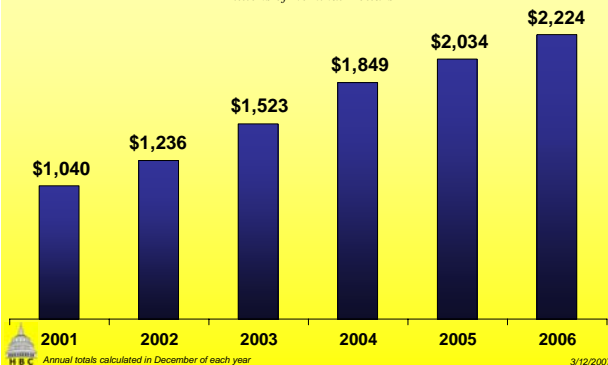
Cost of Debt Service	
Net Interest, 2002	\$170 Billion
Net Interest, 2008	\$261 Billion



2/5/2007

Amount of Foreign-Held Debt More Than Doubles Under Bush Administration

Billions of Nominal Dollars



Double Amount of Foreign-Held Debt — Much of this increased debt has been purchased by foreign lenders. Since 2001, increases in foreign holdings of Treasury securities account for about three-fourths of the newly accumulated public debt – a trend that has more than doubled foreign holdings of Treasury securities and raised the total level of foreign-held debt to over \$2.2 trillion. This increased reliance on foreign borrowing heightens the risk that interest rates will need to rise in order to attract foreign lending and makes the U.S. economy more vulnerable to foreign investment decisions. Higher interest rates will increase the cost of borrowing for American families, meaning that households will pay more for expenses such as college tuition and home ownership.

Budget Perpetuates the Trend of Increased Debt and Greater Reliance on Foreign Investors — The proposed minority budgets continue this trend of persistent and growing deficits and debt. Under the President’s plan, the budget will never reach balance, maintaining deficits in every single year of its budget window. By its own estimates, the Administration predicts that the debt will rise to \$11.5 trillion by the end of 2012, indicating that the U.S. economy will grow further in debt to foreign investors in the years ahead.



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Budget Resolution Tackles Wasteful Spending

The 2008 Democratic budget resolution reduces wasteful and low-priority spending by requiring offsets for any new mandatory spending, bolstering enforcement to crack down on wasteful spending, and reducing wasted expenditures for interest on the national debt.

Pay-As-You-Go Rule Encourages Reduction of Low-Priority Spending — Because it follows the House Pay-As-You-Go rule, the budget resolution does not increase overall entitlement spending by one penny. Our budget includes deficit-neutral reserve funds for improvements to Medicare, children’s health insurance coverage, student loan benefits, energy alternatives, and the farm bill. These reserve funds force committees to identify wasteful or low-priority spending that can be cut to finance these initiatives.

Budget Resolution Cracks Down on Wasteful and Fraudulent Spending — Our budget contains program integrity initiatives to crack down on wasteful and fraudulent spending and tax non-compliance, while ensuring that legitimate recipients of federal funds and law-abiding taxpayers are not penalized. To this end, the resolution includes provisions to allow more and better enforcement efforts in four areas that account for a sizeable share of overpayments and lost revenues. Dollars spent on enforcement efforts pay for themselves many times over by preventing program overpayments and increasing tax compliance (thereby reducing the \$300 billion “tax gap”). The areas targeted for increased program integrity investments are: Social Security continuing disability reviews, the Medicare/Medicaid Health Care Fraud and Abuse Control program, Unemployment Insurance, and IRS tax enforcement. According to OMB, federal agencies made over \$40 billion in improper payments in 2006.

Budget Calls for Annual Performance Reviews — In addition to program integrity initiatives, the budget directs House committees to conduct regular performance reviews of key federal programs and to recommend measures to improve them. Committees are also directed to identify and eliminate unnecessary and wasteful spending. These efforts, in combination with the House Pay-As-You-Go rule and deficit-neutral reserve funds, will provide committees the capacity to fund critical priorities such as children’s health without additional spending.

Budget Reduces Wasteful Spending on Net Interest — Interest on the debt represents wasted spending that, under more prudent fiscal policies, could be used for more worthwhile needs, such as education, homeland security, or improving our nation’s infrastructure. Net interest payments are more than \$230 billion per year and growing. The budget attacks wasteful spending by bringing the budget back to surplus by 2012, which will yield smaller annual interest payments.

Restoring Fiscal Responsibility

The Democratic Budget:

- Creates a surplus by 2012, unlike the President's budget, which is in deficit every year
- Has a bottom line \$234 billion better than the President's budget over five years
- Adheres to Pay-As-You-Go principle



Growing Our Economy

The Democratic Budget:

- Reverses years of high deficits
- Increases funding for math and science education and N.S.F. in support of the Democratic innovation agenda
- Supports \$20 billion to strengthen the farm economy
- Invests in transportation infrastructure



Defending Our Nation

The Democratic Budget:

- Provides robust funding for defense while targeting resources toward our most pressing security needs
- Boosts homeland security funding and provides for 9/11 Commission recommendations
- Provides \$3.5 billion more than the President's budget for veterans' programs



Putting Children and Families First

The Democratic Budget:

- Includes a \$50 billion initiative for children's health insurance
- Provides \$3.0 billion above current services for education
- Protects millions of middle-income families from the AMT
- Rejects President's cuts to housing and community development, home heating assistance, and nutrition programs
- Supplies assistance for hurricane-ravaged communities



Preserving Our Planet

The Democratic Budget:

- Rejects the Administration's harmful environmental cuts
- Invests in renewable energy research and development
- Supports the expansion of agricultural conservation funding



Making Government Efficient & Accountable

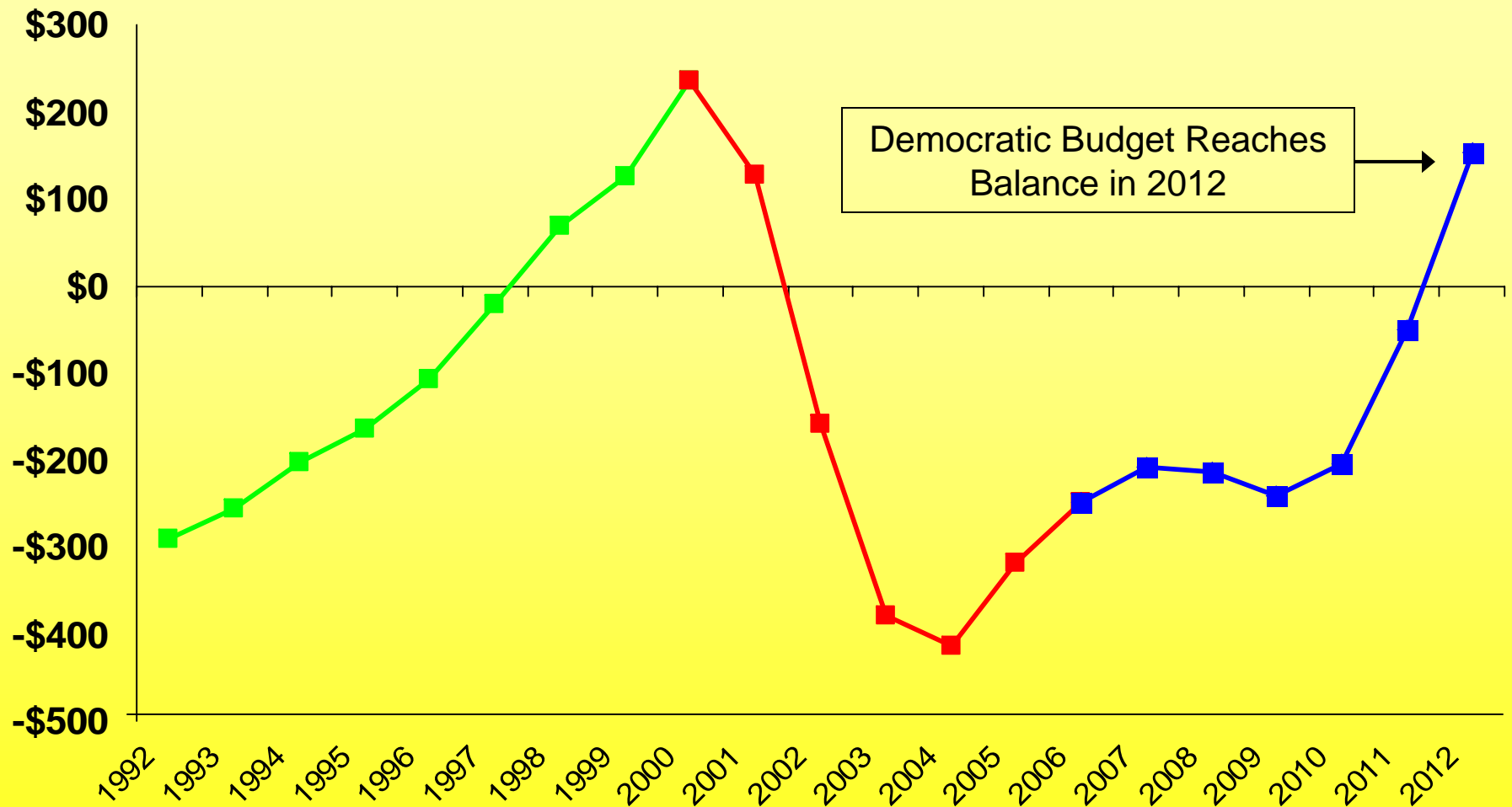
The Democratic Budget:

- Achieves surplus by 2012, thereby reducing interest payments
- Includes initiatives to crack down on wasteful spending
- Accommodates efforts to close the \$300 billion tax gap
- Provides resources to reduce backlogs in veterans' and Social Security disability claims



Digging Out of the Deficit Ditch

Democratic Budget Returns the Budget to Balance
(Deficits and Surpluses, in Billions of Dollars)



■ Clinton

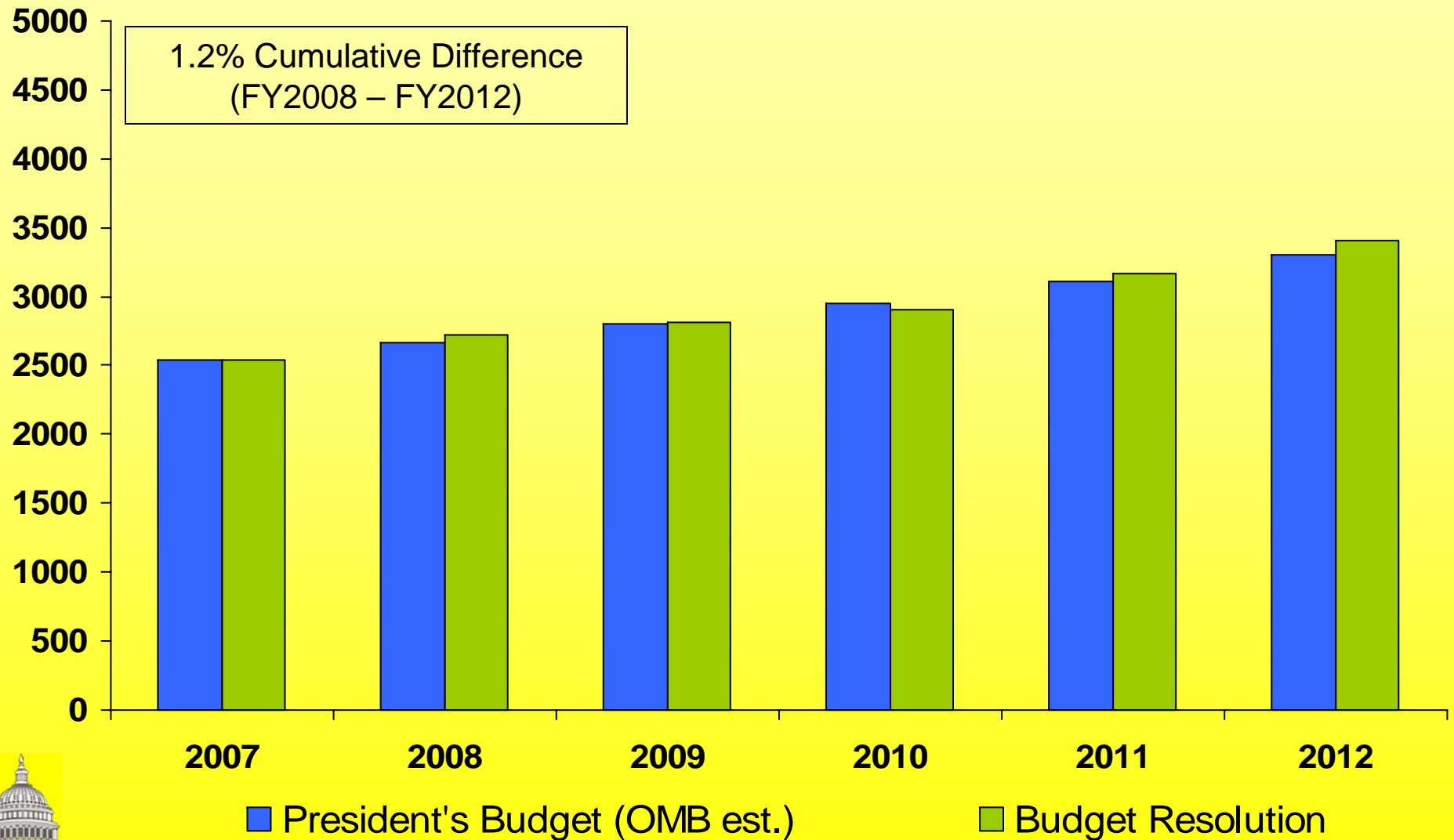
■ Bush II

■ Democratic Budget



House Budget Resolution Revenues Nearly Identical to Administration's Budget

Total Revenues in Billions of Dollars, FY2008 – FY2012



Selected Groups Supporting the Democratic Budget

- American Legion
- Veterans of Foreign Wars
- Disabled Veterans
- National Education Association
- Families USA
- Environmental Coalition (including American Rivers, Audubon, NRDC, National Wildlife, Sierra Club, Wilderness Society, etc.)
- American Public Transportation Association
- National Low Income Housing Coalition

