



REPUBLICAN CAUCUS

THE COMMITTEE ON THE BUDGET

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MYTHS AND FACTS

THE HOUSE REPUBLICAN BUDGET

- MYTH:** *The Republican plan imposes “draconian cuts” in Medicare and Medicaid, totaling \$266 billion.*
- FACT:** There are no “cuts” to entitlement programs in the Republican budget. In fact, Medicare will continue growing at about 3.4 percent per year; and Medicaid will grow at about 5.4 percent, still greater than medical inflation. The Republican plan proposes reforms to ensure Medicare and Medicaid can be sustained – while the Democrats do nothing to improve or protect these programs, allowing them to continue growing themselves into bankruptcy.
- MYTH:** *Republicans underfund domestic priorities such as health care and the environment.*
- FACT:** The Republican budget holds the line on non-security spending, but accommodates higher spending for priority activities, including Community Development Block Grants and the National Institutes of Health. Lower priority or underperforming programs may have to do with less.
- MYTH:** *Republicans squandered a \$5.6-trillion surplus with reckless tax cuts and spending, turning it into \$4 trillion of new debt.*
- FACT:** The surplus projection at the beginning of 2001 was just that – a *projection*, an *estimate* – not real money in the bank. It did not foresee the economic slowdown that started under Bill Clinton, the dot-com bust, the corporate scandals, the worst natural disaster on record, and, of course, 9-11 and the ensuing war on terrorism. The Democrats’ “squandered surplus” claim is a red herring they just won’t let go – despite the facts.
- MYTH:** *The Democrat budget is better for veterans.*
- FACT:** The Republican budget increases veterans medical care by \$2.8 billion over the President’s request for fiscal year 2008, and accommodates an average 7.2-percent per year increase over the next 5 years, compared to the Democrats’ increase of 5.8 percent.

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- MYTH:** *The House Republican budget does not fix the alternative minimum tax [AMT].*
- FACT:** The budget provides for a one-year extension of AMT relief, the same as recent Republican budgets have done – and reflects this tax relief in its budget numbers. In contrast, the Democrat budget fails to do even this much. It only provides a “reserve fund” under which AMT relief can be extended only if Democrats come up with offsetting spending cuts or tax hikes – *but does not accommodate this relief in its revenue figures.*
- MYTH:** *The GOP fails to protect middle-class taxpayers.*
- FACT:** On the contrary, the Republican budget provides for extending *all* the tax relief from 2001 and 2003, including lower marginal rates for middle-income earners, the expanded child tax credit, relief from the marriage penalty, and relief from the death tax. The Democrat budget *claims* to support these tax relief provisions, but *does not provide a dime for them* in its revenue numbers – and the numbers don’t lie.
- MYTH:** *The Republicans accumulate more debt than the Democrat budget.*
- FACT:** This is simply false. The Democrat budget increases the debt by roughly \$500 billion, compared with the Republican plan. This happens even though the Democrats impose the largest tax increase in American history – nearly \$400 billion. The Republican budget does not demand more taxes from working families, but instead balances the budget by controlling spending.
- MYTH:** *The GOP budget includes the President’s “deep cuts” in student loans by reducing lender subsidies by 50 basis points.*
- FACT:** The Republican budget does not include this proposal.
- MYTH:** *The Republican budget relies on “fuzzy math” for its outyear defense spending.*
- FACT:** The Republican budget accommodates the President’s level in 2008 and 2009, and increases budget authority by \$39.3 billion above the Democrats from 2010-2012. This increase will help boost procurement accounts – such as those that fund equipment and weapons.
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