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THE HOUSE DEMOCRAT BUDGET SPEND NOW, SAVE LATER

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SUMMARY

After adding \$6.1 billion to the 2007 omnibus appropriation, and another \$22 billion to the Iraq supplemental, the Democrats have used their budget for even more spending next year – adding \$22.5 billion in fiscal year 2008 above current-year levels for annually appropriated amounts. The budget also continues to outspend inflation in the years after 2008, and promises higher entitlement costs as well.

Here are some details.

HUGE NEW SPENDING

- **Largest Year-to-Year Appropriations Increase.** Having already increased current-year (fiscal year 2007) spending by \$6.1 billion, and adding more than \$20 billion to the Iraq supplemental, the Democrat budget, as reported, proposes another increase of more than \$22.5 billion in fiscal year 2008 for nondefense, nonemergency annual appropriations.
- **Increases ‘Advance Appropriations.’** The budget also increases by about \$2 billion, to \$25.6 billion, its “advance appropriations” – budget authority for fiscal year 2009 or subsequent years.
- **Outspends Inflation Later.** For the years 2009-12, the budget assumes annual nondefense, nonemergency appropriations will increase by an average of 2.4 percent per year, which is still greater than the projected rate of inflation.
- **Reckless Entitlement Spending Increases.** Despite warnings by numerous witnesses about the unsustainable rate of entitlement spending, the budget’s reserve funds nevertheless provide for higher mandatory spending if coupled with even more tax increases. Ten of the budget’s 12 “reserve funds” create avenues for more than \$115 billion in higher spending if offset with higher taxes (or spending reductions, which appear nowhere).

NO SIGNIFICANT REFORM OR OFFSETS

- **Democrat Budget Ignores the Warnings.** Ignoring repeated warnings about the unsustainable rate of entitlement spending growth, the budget puts off any significant reform for at least 5 years – allowing the problem to worsen. Instead, it succumbs to the temptation noted by Senate Budget Committee Chairman Kent Conrad: “It’s always easier to defer, to kick the can down the road to avoid making choices.” (*60 Minutes*, 4 March 2007.)
- **No Reform.** The only savings in the budget are a negligible \$75 million reconciled to the Education and Labor Committee (which is merely a lever to get higher education reauthorization considered under reconciliation procedures); and \$410 million in receipts from selling defense commodities such as Tungsten. These are not reforms, and they do nothing to address the massive entitlement problem. In contrast, the Deficit Reduction Act of 2005 saved more than \$38 billion over 5 years, and the President’s budget for fiscal year 2008 proposed \$96 billion in mandatory savings.