

THE COMMITTEE ON THE BUDGET

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THE DEMOCRATS' FISCAL YEAR 2008 BUDGET CONFERENCE REPORT NO ENTITLEMENT REFORM

- ***Democrats Ignore the Looming Entitlement Crisis.*** During committee hearings over the past several weeks, a series of expert witnesses warned of the unsustainable growth of entitlement programs, and the urgent need to begin reforming them. Among the most significant statements from these hearings were the following:
 - Without “early and meaningful action” to address the rapid growth of entitlements, “the U.S. economy could be seriously weakened, with future generations bearing much of the cost.” – *Federal Reserve Chairman Ben S. Bernanke, Budget Committee hearing, 28 February 2007.*
 - “Health care is the number one fiscal challenge for the Federal and State governments. . . it is the number one competitiveness challenge for American business; and . . . it is a growing challenge for American families. If there is one thing that can bankrupt America, it is health care. We need dramatic and fundamental reforms.” – *Comptroller General David M. Walker, Budget Committee hearing, 23 January 2007.*
 - The rising costs of government entitlements are a “fiscal cancer” that threatens “catastrophic consequences for our country” and could “bankrupt America.” – *Comptroller General Walker on 60 Minutes, 4 March 2007.*
- ***Medicare and Social Security Face a Bankrupt Future.*** The problem is especially acute in Social Security and Medicare, which face a financial crisis that worsens each year Congress fails to undertake meaningful transformation of these programs – according to reports by the Social Security and Medicare trustees.
 - These reports also make clear the threat to these programs is more than a matter of government financing: it is a question of whether the U.S. economy can produce sufficient resources to finance the retirement and medical care of 78 million retirees in the coming decades.
 - Without reform, by 2040, Social Security, Medicare and Medicaid alone will cost Americans as much as the entire Federal Government does today.
- ***But the Democrat Budget Refuses to Reform.*** It does nothing to reform entitlements – indeed it puts off any major reform for at least 5 years.

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- ***It Applies a Fig Leaf to Cover Higher Spending.*** The only “savings” under the expedited procedure of budget reconciliation are a meager \$750 million – out of a total of roughly \$8.5 *trillion* in mandatory spending over the next 5 years. The “savings” are really just a fig leaf providing filibuster protection to *expand* big-government spending by as much as \$22 billion. This is not reform, and it does nothing to address the massive entitlement problem.

 - ***It Will Force More Tax Increases.*** Because of the Democrats’ reckless fiscal policy, today’s children will be forced to pay twice today’s level of taxes, simply to maintain these programs as they are currently structured. This massive tax burden will jeopardize the competitiveness of American workers and small businesses, who are already facing tremendous challenges in the globalizing economy.