

**SENATE BUDGET COMMITTEE**  
**DEMOCRATIC CAUCUS**  
**KENT CONRAD, RANKING MEMBER**

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**SENATE BUDGET COMMITTEE RANKING MEMBER SAYS  
BUSH BUDGET PAYS FOR MASSIVE TAX CUT BY RAIDING  
SOCIAL SECURITY AND MEDICARE TRUST FUNDS**  
**Conrad: Bush Budget Doesn't Add Up, Lack of Detail Hides Serious Flaws**

**Washington, DC** - Senator Kent Conrad, the Ranking Member on the Senate Budget Committee, today said the Bush Administration's budget pays for the President's massive tax cut proposal by raiding the Social Security and Medicare Trust Funds. Conrad's remarks came in a Senate Budget Committee hearing with Office of Management and Budget Director Mitchell Daniels.

"The Bush Administration's willingness to raid the Social Security and Medicare Trust Funds is of great concern," said Conrad. "Instead of paying down more debt, they set aside \$600 billion of the Social Security surplus for possible use in the partial privatization of Social Security. Using this money for privatization means that we will have that much less available to pay existing benefits. Raiding the Fund will result in tax increases on future workers or dramatic increases in public debt after the baby boomers retire. That's unacceptable.

"In terms of the Medicare Trust Fund, the President's proposal uses an accounting gimmick to claim there is no Medicare surplus; and, then they include the actual \$526 billion Medicare Trust Fund surplus in their 'reserve' fund. Instead of setting this money aside exclusively for Medicare, they throw it into an over-committed fund where it would have to compete with national security, defense, agricultural emergencies, tax extenders, and other priorities for these resources. That's irresponsible and a complete abandonment of the bipartisan consensus in Congress and public desire to protect both the Social Security and Medicare Trust Fund surpluses.

"The Bush Administration's plan just doesn't add up. Their budget blueprint doesn't come close to alleviating my very serious concerns and misgivings about the budget overall, or the President's massive tax cut in particular. The budget blueprint lacks the detail we need to assess the budget's credibility and believability.

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“I am troubled by how they can claim to ‘reserve’ \$1.4 trillion for ‘additional needs’ without specifying precisely what those needs are or how much they would cost. That, after all, is what a budget is all about. I am convinced the Bush budget avoids details because those details would show clearly that the numbers don’t add up.

“Further still, the Bush plan doesn’t come close to paying down as much debt as possible. The Administration contends it can only pay down \$2 trillion of the nation’s \$3.2 trillion debt. This represents a very weak effort. The Congressional Budget Office estimates that only about \$800 billion is unredeemable; Federal Reserve Chairman Greenspan puts the figure at about \$750 billion; and the official in charge of the successful debt buyback program in the Clinton Treasury says there’s only about \$500 billion in unredeemable debt.

“The Bush budget fails to protect Social Security and Medicare, it lacks crucial details that are needed to show how the President plans to pay for his massive tax cut, and it risks saddling our children with our bills by leaving so much debt unpaid.”

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