

SENATE BUDGET COMMITTEE

KENT CONRAD, CHAIRMAN

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SENATE BUDGET COMMITTEE CHAIR SEEKS ADMINISTRATION'S PLAN TO AVOID RAIDING THE MEDICARE AND SOCIAL SECURITY TRUST FUNDS Conrad: Bush Tax Cut & Economic Downturn Causing Raid

Washington, DC - Senate Budget Committee Chairman Kent Conrad today invited the Bush Administration to present its plan on how it intends to avoid raiding the Medicare and Social Security Trust Funds next year and the years beyond. Conrad's request came as the Budget Committee heard testimony from Office of Management and Budget Director Mitch Daniels on the Administration's economic and budget outlook.

"It is becoming increasingly clear that the federal government will end the current fiscal year with a deficit, not counting the Medicare and Social Security Trust Funds, and the outlook for next year is even more serious with recent projections showing the Bush Administration using all of the Medicare Trust Fund and perhaps even the Social Security Trust Fund to finance other programs," said Conrad. "The fundamental question is, 'Does it make sense to use the Social Security and Medicare Trust Funds to pay for other programs when we know those resources will be needed to meet the requirements of the retiring baby boom generation?' That is the fundamental question."

According to calculations made by the Budget Committee, this year's \$92 billion non-Medicare, non-Social Security surplus will likely be wiped out by the tax cut and lower than expected revenues. By the end of this fiscal year, the Medicare Trust Fund will likely be raided by \$17 billion. Next year, with the prospect of an even larger revenue shortfall, the government may need to tap the entire \$38 billion Medicare Trust Fund as well as \$4 billion of the Social Security Trust Fund. These raids do not even take into account the additional spending requested by the Administration for defense or other expected expenses for education, natural disasters or extending expiring tax provisions.

"Given the Administration's insistence that the country could afford its massive tax cut, this Administration has an obligation to explain how it intends to protect these trust funds," said Conrad. "I welcome its responses and look forward to working with the Administration to fully protect the Medicare and Social Security Trust Funds."

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