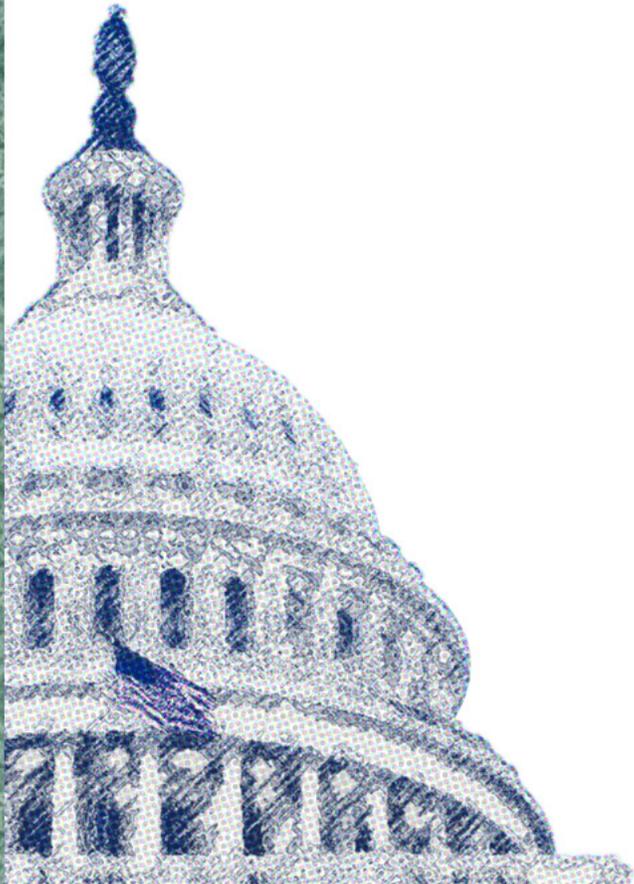


110th Congress
2nd Session



Senate Budget Committee Easter Recess Packet



March 14, 2007
Prepared by the
U. S. Senate Budget Committee
Republican Staff
<http://budget.senate.gov/republican>

JUDD GREGG
NEW HAMPSHIRE

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March 14, 2008

Dear Republican Colleague:

As we wrap up our legislative business to return home for the Easter recess, I would like to share with you the highlights of the Democrats' fiscal year 2009 budget resolution, and its impact on our constituents.

While the budget resolution process will not officially conclude until the conference report has passed, the budgets approved by House and Senate Democrats this week confirm that the majority has a tax-and-spend agenda that will hurt our economy and the millions of hard-working families and businesses behind it.

This budget again assumes a massive tax increase, dramatically higher spending, and a \$2 trillion increase in the gross debt over the next several years. It also continues to ignore the \$66 trillion fiscal crisis posed by the unaffordable growth of entitlement spending.

In short, the Democrats' budget is not in the best interests of the family budget. It raises taxes on middle-class families, seniors, and small businesses by thousands of dollars at a time when middle-class Americans are struggling with the realities of a slowing economy. It saddles our children with unsustainable amounts of debt that will prevent them from living the same quality of life that we enjoy today.

I look forward to working with you in the months ahead to get our fiscal house back on the right track, especially in the arena of long-term entitlement reform.

Please contact my staff at 202-224-6011 if you have any questions or need additional information.

Sincerely,



Judd Gregg



Democrats' Budget Is Bad for the Family Budget

❖ Democrats Want American Families to Pay MORE

- ✓ \$1.2 trillion tax hike means that 43 million families with children will pay **\$2,300 more** each year.
- ✓ 18 million seniors will pay **\$2,200 more**.
- ✓ 27 million small businesses will pay **\$4,100 more**.
- ✓ 8 million low-income workers will be added back to tax rolls.

❖ Less Money Means More Sacrifices

- ✓ \$2,300 could buy a family's groceries for more than 8 months.
- ✓ \$2,300 could pay for a family's health care expenses for a year.
- ✓ \$2,300 could buy a family's electricity & home heating oil for a year.
- ✓ \$2,300 could buy gasoline for a family's two cars for a year.

❖ Democrats Can't Live Within a Reasonable Budget

- ✓ Not satisfied with the huge spending hike they implemented last year, Dems increase spending by \$210 billion over 5 years.
- ✓ Dems plan to spend \$22 billion more than the President's request in FY 2009 alone – giving themselves a 9% spending “raise” from the previous year. Do most workers get a 9% raise?

❖ Democrats Expect Our Children to Pay their Bills

- ✓ Dems allow gross debt to climb by \$2 trillion by 2013.
- ✓ Every American child will owe \$27,000 more under this budget.

❖ Democrats Focus on Next Election, Not Next Generation

- ✓ Refusing to show leadership on difficult issues, Dems do nothing to reduce \$66 trillion in government entitlement obligations.
- ✓ They allow entitlement spending to grow by \$488 billion over 5 years.
- ✓ Who will pay for these entitlement promises? Our children.

❖ Democrats' Plan is Full of False Promises

- ✓ They promise to pay for spending, but make families pay instead.
- ✓ They promise middle-class tax relief, but do nothing to enact it.
- ✓ They promise to reduce the debt, but increase it instead.
- ✓ They promise to address the entitlement crisis, but only worsen it.
- ✓ They promise to collect unpaid taxes, but come up with nothing.



Passing Prosperity On to Our Children

• ECONOMIC GROWTH • AFFORDABLE GOVERNMENT • HONEST BUDGETING •

A New Drama Airing Soon on Democratic TV: “Desperate Households”

Opening Scene: *A middle-class neighborhood in a small American town, containing modest homes clustered near an elementary school, bank, police station and small local hardware store. The homes are owned by families with children, a widowed mother, a retired couple, and small business owners, all of whom are unaware of what the Democrats’ FY09 budget holds in store for them...*

Cast of Characters:

The Smith Family Mr. Smith works as a bank security guard, earning \$50,000/year while Mrs. Smith stays at home to care for their two young children. Under the Democrats’ budget, the Smiths’ taxes will be \$2,300 more, along with 43 million other families.

The Jones Family Mr. Jones is a sergeant with the local police force while Mrs. Jones works as a teacher at the elementary school nearby. They have two young children, and a combined income of a little more than \$110,000/year. Under current tax law, they pay taxes at a top marginal rate of 25%. Under the Democrats’ budget, the Jones’ taxes will rise from \$12,100/year to \$16,400/year – \$4,300 more! That tax hike represents two weeks work for each of the Joneses, or four weeks of work total.

Mrs. Brown Mrs. Brown is a widow with two young children, working as a teacher’s aide at the elementary school. She earns \$30,000/year. Under the Dems’ budget, Mrs. Brown will pay \$1,100 more in taxes.

The Myers Couple Mr. and Mrs. Myers are a retired couple living on an income of \$40,000/year. Under the Democrats’ budget, the Myers’ taxes will be \$2,200 more, along with 18 million other seniors.

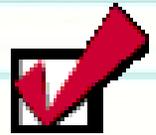
The Handy Family Mr. and Mrs. Handy, owners of the small local Handy’s Hardware Store, are taxed as high-income individuals because their business income is included. While small businesses pay 54% of all individual income taxes, the Handys will join 27 million other small businesses in paying \$4,100 more in taxes under the Democrats’ budget.

Dramatic Issue: ***Where will each of these households, all of which live within a family budget, have to cut back in order to send more money to Washington to pay the additional taxes imposed by the Democratic budget? Utilities? Gasoline? Health Care? Groceries? STAY TUNED....***

To Do:



Raise taxes by \$1.2 trillion



Dramatically increase spending



Grow debt by \$2 trillion



Gimmick Pay-Go



Ignore \$66 trillion unfunded liabilities



116 Million Americans Pay Higher Taxes Under Democrats' FY09 Budget

<u>Families</u>	43 million pay \$2,300 more
<u>Seniors</u>	18 million pay \$2,200 more
<u>Low-Income Workers</u>	7.8 million back on tax rolls
<u>Small Businesses</u>	27 million pay \$4,100 more

\$2,300 is a LOT to Most Working Families

- ✓ **Groceries for more than eight months,**
- ✓ **Home heating oil & electricity for nearly a year,**
- ✓ **Gasoline for two cars for more than a year,**
- ✓ **Health care expenses for nearly a year**



Judd Gregg: Democrats in Washington unveil a 'fudge it' budget Union Leader

By SEN. JUDD GREGG

7 hours, 59 minutes ago

HONESTY IS the best policy, and most can agree that is a good adage to live by. So how can the U.S. Congress seriously consider a federal budget that ties itself in knots to "fudge it"?

Last year, after years in the minority, Democrats won control of Congress. So when they unveiled their fiscal year 2008 budget, claiming to champion fiscal responsibility, they were afforded the benefit of the doubt.

A year later, that no longer holds true. The Democrats' 2008 budget assumed the largest tax increase in history, massive spending increases and skyrocketing debt, while sidestepping budget enforcement and ignoring a \$66 trillion entitlement crisis that threatens to destroy future generations' ability to live the American dream.

Naturally, there was a great deal of concern among budget-watchers in the weeks leading up to the Democratic FY 2009 budget. Unfortunately, it meets our lowest expectations. Despite their false promises, the majority's budget again assumes a record-breaking tax hike, while spending recklessly, growing the debt and ignoring our urgent fiscal woes. In short, it spells serious trouble for the family budget in households across the nation.

The pressing issue for most families is how much more of their paycheck will be sent to Washington to pay for the additional taxes in the Democratic budget. Democrats say they will only "tax the rich," but there is simply no way taxes gleaned from "the rich" can possibly cover the expensive promises made in this budget.

Even by immediately repealing all of the 2001 and 2003 tax relief, including raising the top individual income tax rates back up to what they were under President Clinton on all families with a household income of \$250,000 or more, Democrats will be able to generate only \$225 billion over the next five years. They need seven times that much to cover their budgetary wish-list of \$1.2 trillion to \$1.5 trillion.

This doesn't cover what the Democratic presidential candidates are promising. That's another \$1.5 trillion that could be enacted next year.

So where will all this additional needed revenue come from? From the middle class, of course. Unless Democrats plan to cut spending, which they don't, middle-class taxes will

have to rise by \$1.2 trillion or more over the next five years to finance all of the Democrats' budget resolution promises.

Back at the kitchen table, families will have to start making some budgetary choices of their own. A single-income family of four making \$50,000 will see its tax bill jump by \$2,300. That can pay for eight months' worth of groceries, nearly a year's worth of health care expenses, or gasoline for two cars for almost a year.

A dual-income family earning \$110,000 will owe \$4,300 more in taxes under this budget. That tax hike represents two weeks of work for each parent, or the amount of family vacation time many workers get for the whole year. Seniors will pay \$2,200 more, and small business owners will pay \$4,100 more. To finance the Democrats' plan, most American households will have to cut back.

It's hard to understand why the majority is unable to live within a budget. They have again given themselves a hefty increase in annual spending money for the next five years -- like a 9 percent increase in 2009 over what was spent in 2008. Most American workers won't get a 9 percent raise this year, will they?

Instead of focusing on the next generation, Democrats focus on the next election. Despite the \$66 trillion unfunded obligation on the government's books to cover the unaffordable growth of Medicare, Social Security, Medicaid and other entitlement programs, Democrats decided the safest course of action in an election year is to simply kick the can down the road a little farther. In fact, under their budget, entitlement spending grows by \$488 billion over five years.

The current unfunded liability of entitlement programs translates into a \$445,000 burden for each U.S. household -- twice the value of the median American home and almost eight times the median household income.

And all of this spending takes its toll on the nation's credit card. Under this budget, the gross debt grows by \$2 trillion over five years. That debt will be paid back by our children, all of whom now owe an additional \$27,000 more than what they owed before the majority took control.

So, in spite of Democrats' misleading rhetoric about helping middle-class families, most families do not need this kind of "help." Clearly, there is a lot of "fudge" in this budget, and it's not the kind that tastes good.

Sen. Judd Gregg, New Hampshire's senior senator, is the ranking Republican member of the Senate Budget Committee