



# BUDGET COMMITTEE

Judd Gregg, Ranking Member  
<http://budget.senate.gov/republican>

Contact: Betsy Holahan (202)224-6011

**For Immediate Release**

**May 7, 2009**

**Senator Gregg's Senate Floor Statement on  
President Obama's Proposed Terminations, Reductions and Savings  
May 7, 2009  
(unofficial transcript)**

The reason I came to the floor was because I wanted to talk a little bit about the budget again and specifically about the proposal sent up by the President yesterday. The President sent us his formal budget. We've already voted on the budget, of course. We passed the budget. The President doesn't have to sign the budget. That's one of the ironies of our system. But he does present us with an outline. Because this was a transitional year, the President doesn't send us his in-depth proposals as is traditionally done. He sends us sort of a topical approach in early February, and then he sends us the in-depth proposals later in the year. That's what he did. In the last few days he sent up the in-depth proposals.

Among the proposals, the one being highlighted is the fact he requested rescissions in 121 programs representing approximately \$17 billion. And I want to congratulate him for that. That's an attempt to reduce spending in those accounts and recover those dollars back into the federal Treasury. But I think that has to be put in context, this initiative to save \$17 billion. That's a lot of money, \$17 billion. We run the state of New Hampshire for at least three or four years with that.

But in the context of the federal budget, it is not a dramatic amount. In fact, it represents less than .5% of the federal budget, which will be approximately \$3.5 trillion this year. And so taking \$17 billion out of that spending program is not going to solve our overall problems which involve the fact that we are headed into a nonsustainable government because of the size of the spending that we're doing in the government and because of the size of the debt that we're running up.

But I do want to congratulate him for putting forward this initiative. I hope it will pass. I hope that the \$17 billion will actually be passed by this Congress. But regrettably, most of the items that he sent up to be rescinded had already been sent up before by the prior Administration, by President Bush. Not a majority, but a significant amount -- 40% -- had already been sent to us by President Bush and they had been rejected by the Congress, which is too bad. It is unfortunate they were rejected under President Bush. I hope that

the Congress will take a second look and accept them now that they have been given the imprimatur of approval by President Obama. So you have sort of a bipartisan effort to rescind at least 40% of the amount here.

But in the end, that doesn't change the out-year deficit figures at all. In fact, this amounts to less than an asterisk when it comes to the amount of debt and the amount of deficit which we will be running up as a government. Even with this rescission of \$17 billion -- assuming it was passed by the Senate and the House and signed by the President and these various programs were reduced -- we would still run a deficit of 4% to 5% of GDP over the next ten years under the President's proposals. We would still run a deficit that would average \$1 trillion a year over the next ten years. We would still run a deficit which would add to the debt at such a fast rate -- in other words, deficits become debt -- which we would end up with a federal debt that would be approximately 80% of GDP or doubling of the federal debt during the first five years of this presidency.

None of those numbers will be changed by these rescissions because they don't go to the core of the problem. The core of the problem is that the government is being expanded dramatically even while these rescissions are occurring. That the rate of growth of the federal government as a result of expanded spending which has been initiated by this Administration in large part will dwarf any savings that occur under this rescission proposal. It's as if this was the Gobi desert or the Sahara desert and you came along and took a few pieces of sand off the desert.

It will have no impact on the deficit or the debt as we move forward into the out-years because of the fact that while you're taking these few dollars out -- which I congratulate the President for trying to do -- they are adding back in massive amounts of spending. Massive amounts of spending. \$1.4 trillion in new discretionary spending compared to the \$17 billion rescission. \$1.2 trillion in new entitlement spending compared to the \$17 billion rescission. So you take a little spoonful of water out of the ocean while you're dumping a whole river into the ocean. And so the water levels go up. The debt levels go up, and the burden on our children goes up. And the cost of the government and the debt of the government is and remains an unsustainable event for our nation and for future generations.

If the President wishes to be serious about spending restraint -- and I hope he is, although it doesn't appear that way from his budget. But if he really wishes to be, he would address the underlying problem, which is that you don't expand the government to take up 23%, 24%, and 25% of GDP, that you don't radically expand these spending programs until you have an economy that is generating enough revenues so that you can pay for them. And that you basically try to contain in the out-years the cost of entitlement spending by putting in place proposals which will lead to limiting the cost in the out-years.

Now, the senator from Nebraska was recently talking on the floor about health care. Health care is obviously at the core of the issue of how you control costs around here and how you control the out-year growth of the federal government. We today spend 17% of GDP on health care. That's approximately 5% to 6% more than the next closest

industrialized nation. Yet, the President's proposals will add another \$1.4 trillion on top of what we already spend in the area of health care. That makes no sense fiscally. It makes no sense from a standpoint of what the health care system really needs. We already have enough funds in the health care system.

We should agree as a Congress that what we're going to try to do is stabilize the cost of health care as a percentage of our GDP and use the dollars that are already in the system to reform the system, because we have a huge amount of surplus money in the health care system compared to any industrialized nation. Rather than just throwing more money at the issue, more money at the problem, expanding the debt, adding to the deficit, let's try to be responsible about our reform program, which is to live within what we're already spending and spend those dollars more wisely. Those are the type of initiatives we need around here.

Obviously it's helpful to reduce spending by \$17 billion, and I hope we accomplish it. The Congress has rejected 40% of these proposals in the past, but I hope that they change their minds. Just yesterday, for example, this Senate passed a housing bill which spent \$11 billion outside of and on top of the budget. That's new spending. So we've already spent just yesterday almost all the money that's represented that's going to try to be saved here. So fiscal discipline doesn't seem to be the order of the day around here, but I appreciate at least the effort.

But I think it does have to be put in the context of the overall problem. As I said, it's like taking a teaspoon of water out of a bathtub while you keep the spigot on at full speed, and the bathtub continues to fill up. It's the spigot of spending; the spigot of government growth. There is a belief, regrettably, now in this Congress because of the majority party, and from the White House, that by expanding the federal government, that by moving dramatically to the left in its size, by growing it significantly, you somehow create prosperity. You can't do it that way.

The only way you can create prosperity is if you have a government you can afford. If you're running up deficits at 4% to 5% of GDP, if you're taking the national debt up to 80% of GDP you're not going to create prosperity. You're going to create hardship, significant hardship for the next generation which has to pay off all those debts.

And so I would hope that this proposal for rescission which has been sent up will be followed by proposals that are serious in the area of controlling the spigot, which is dumping all the spending into the federal account. Turn that down. Let's put some controls on the spending side of the ledger that get to the broader problem of the size of the debt and the size of the deficit in real numbers, not just at the margins.

Madam President, I yield the floor.