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**OMB DIRECTOR ADDRESSES COMMITTEE QUESTIONS ON PRESIDENT'S  
FY2005 BUDGET PROPOSAL**  
**Committee Republicans Express Need to Cut Deficit in Half in Five Years**

WASHINGTON –The Senate Budget Committee pressed ahead with committee business last week despite the closure of the Dirksen Senate Office Building. On February 5, the Committee heard testimony from Joshua Bolten, director of the White House's Office of Management and Budget, on the President's FY2005 Budget Proposal. Committee Republicans focused their questions on deficits, the cost of Medicare, and economic growth.

In opening the Committee's second hearing of the FY05 budget process, Chairman Nickles applauded the administration for submitting an aggressive proposal that focuses on reducing the deficit.

"The Administration wants us to cut the deficit in half in five years," Nickles said. "They have given us the challenge, and I hope we can meet or exceed that level. I hope we can do it in two or three years."

Bolten provided an overview of the President's request, which includes a 10-percent increase in the Homeland Security budget and a 7-percent increase for Defense, while holding discretionary spending to less than one percent. Bolten pointed out that more than three-quarters of the increase in the federal government's discretionary spending has been directly related to the response to the September 11 terrorist attacks.

"The 2005 budget continues to support the President's three overriding national priorities: winning the war on terror, protecting the homeland, and strengthening the economy," said Bolten. "The President is committed to spending what is necessary to provide for our security and restraining spending elsewhere."

Sen. Mike Crapo (R-ID) asked Bolten why the Administration disagrees with those who advocate raising taxes rather than controlling spending to reduce the deficit. Bolten explained that tax increases pose the prospect of undermining the economy while spending cuts reduce deficits.

“Perhaps the best timed in American history, these tax cuts deserve much credit for today's brightening economy picture, which includes nine consecutive quarters of positive growth, extraordinary productivity growth, and encouraging signs of renewed business investment,” Bolten said.

Regarding fiscal discipline, Sen. Jeff Sessions (R-AL) stated, “I think it's critical that we take firm and decisive steps to demonstrate our commitment as a Congress to contain the growth in spending.”

Regarding the deficit estimate of over \$500 billion for FY05, the Director stated that the numbers are “understandable” due to the circumstances that created them, but emphasized the Administration’s pledge to bring them down in five years.

Crapo said, “I want to commend the President for submitting a budget that focuses on trying to reduce the level of these deficits and get us onto a glide path back toward balance.”

In closing, Chairman Nickles called for a bipartisan effort to pass a budget this year.

“We have a big challenge, and it won’t be easy. But we have to have a budget, and it won’t be done unless we all work together to make it happen,” Nickles said.

The Committee’s next hearing will be Thursday, February 12 with Tommy Thompson, Secretary of the Department of Health and Human Services. Thompson will discuss the FY05 HHS budget and address the price tag of the Medicare Prescription Drug bill.