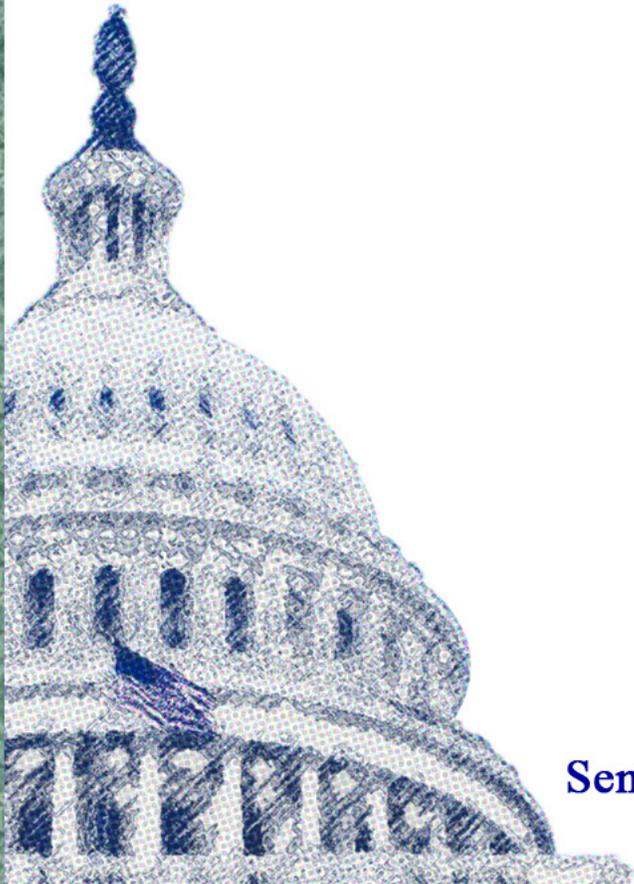


**110th Congress
2nd Session**



Senate Budget Committee

Memorial Day Recess Packet



**May 22, 2008
Prepared by the
Senate Budget Committee, Republican Staff
<http://budget.senate.gov/republican>**

JUDD GREGG
NEW HAMPSHIRE

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May 22, 2008

Dear Republican Colleague:

As we wrap up our legislative business to return home for the Memorial Day 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 FY 2009 budget resolution conference report will not receive a final vote in the Senate until the first week of June, the conference report unveiled by Congressional Democrats this past week confirms that the majority intends to stick to its tax-and-spend agenda that is so harmful to the economy and the family budget

In short, this budget assumes a \$1.2 trillion tax increase – the largest in history – as well as breaches for the first time the \$1 trillion mark for annual non-emergency discretionary spending. Incredibly, it also continues to ignore the \$66 trillion fiscal crisis posed by the unaffordable growth of entitlement spending.

Clearly, 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 most Americans are struggling with rising food and fuel prices. The inaction on entitlements will saddle 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



BUDGET COMMITTEE

Judd Gregg, Ranking Member
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Democratic FY09 Budget Reflects a Tax-and-Spend Mentality That is Dangerous to the Economy & Bad for the Family Budget

✓ **This Budget Again Raises Taxes on Millions of American Families, Seniors and Small Businesses**

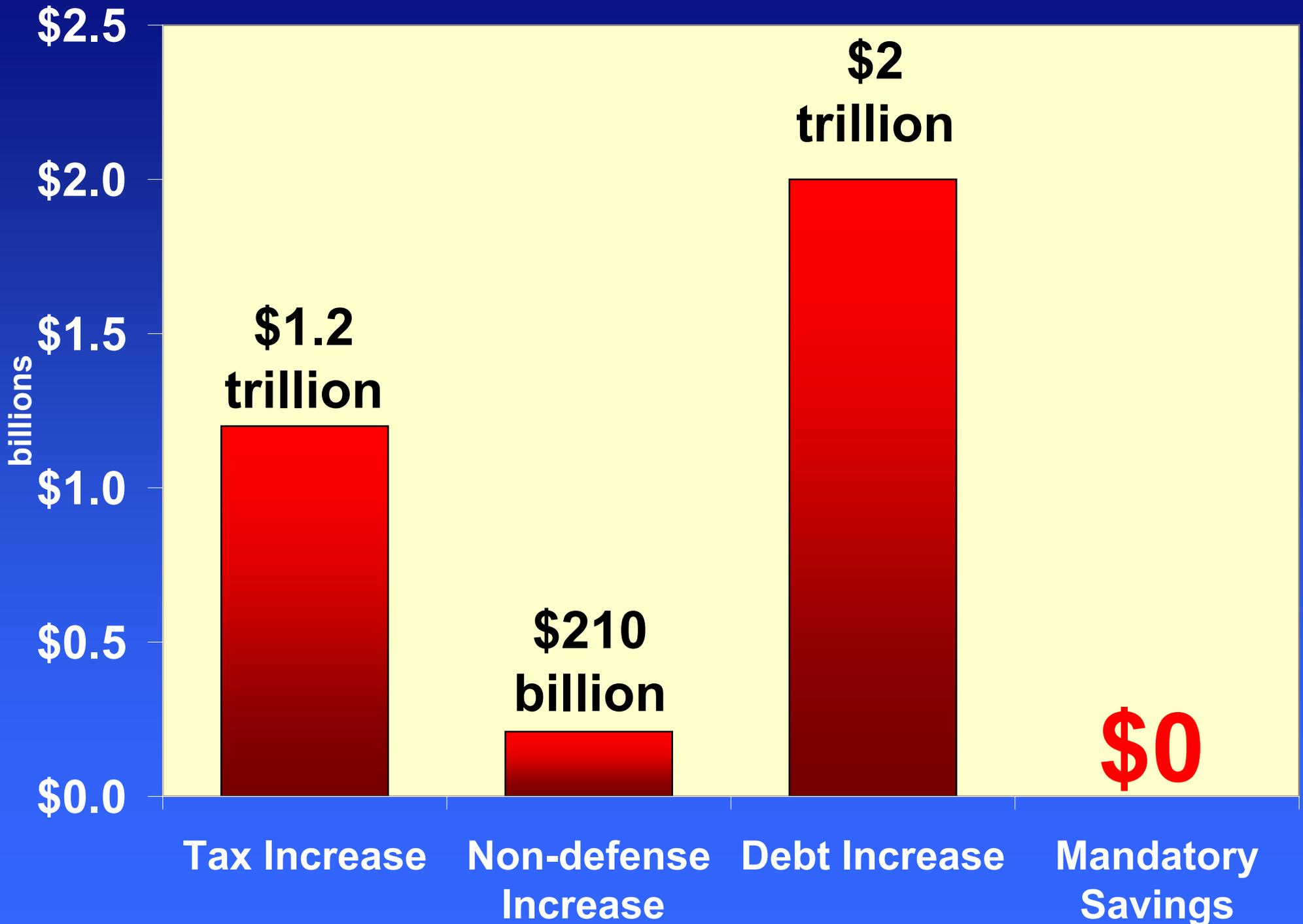
- The Dems' budget assumes a tax hike of \$1.2 trillion, which will hit 116 million Americans.
- As a result, average people will be paying a lot more in taxes:
 - * 43 million families with children will owe \$2,300 more each year.
 - * 18 million seniors will owe \$2,200 more each year.
 - * 27 million small businesses will owe \$4,100 more each year.
 - * 7.8 million low-income workers will be added back to tax rolls.
- The budget assumes that capital gains rates will be doubled and that dividends will be taxed like earned income, which will hit senior citizens especially hard.
- Baucus amendment to extend middle-class tax relief is meaningless – Dems didn't enact it last year and probably won't this year either.
- Further, Dems include a trigger that makes Baucus harder to implement and **turns off tax relief** if surpluses doesn't materialize or if government spending grows beyond projections.
- Democratic claims to bring in revenue from the tax gap are a fairy tale - they actually made the tax gap worse last year.

✓ **This Budget Again Increases Spending by Hundreds of Billions – Pushing Annual Spending ABOVE \$1 Trillion**

- Dems' FY09 budget pushes annual non-emergency discretionary spending over the \$1 trillion mark for the first time ever and increases spending over the President's request by \$24 billion in 2009 and at least \$210 billion over five years.
- Even when excluding emergency funding for the Global War on Terror, the conference report still exceeds the \$1 trillion mark by \$21 billion.

- No attempt is made to cut wasteful spending in other areas, despite the fact that the President's PART analysis identified \$15 billion in ineffective programs that should be revisited.
 - If \$1 trillion isn't enough, the conference report includes 64 reserve funds in the Senate and 18 reserve funds in the House, representing more than \$300 billion in new taxes and spending.
 - These Democratic spending increases will ultimately add hundreds of billions of dollars to our children's debt, because once enacted, Congress will never agree to reduce that spending in the future.
- ✓ **This Budget Again Ignores Looming Entitlement Crisis, Passing the Buck to Our Children**
- The federal government's long-term financial obligations grew by nearly \$2 trillion last year, a reflection of the mushrooming cost of Medicare benefits as more Baby Boomers reach retirement.
 - BUT, for a second year in a row, Dems **do nothing** to address the \$66 trillion entitlement crisis now on our doorstep.
 - In fact, the FY09 budget allows entitlement spending to grow by \$500 billion over five years.
 - In addition, the conference report will spend more than \$1 trillion of the Social Security surplus.
- ✓ **This Budget Again Grows the Debt by Trillions**
- Instead of reducing the debt as they promised, Dems allow gross debt to climb by about \$2 trillion by 2013.
 - That debt will have to be paid back by future generations. In fact, every American child will owe an additional \$27,000 or more under the Dems' budgets.
- ✓ **This Budget Again Contains Fraud & Gimmicks**
- Budget enforcement mechanisms weakened last year go unchanged, to allow Pay-Go gimmickry and budgetary sleights-of-hand to continue.
 - Just since December, Democrats have ignored Pay-Go, waived it or just decided to spend without offsets on a number of occasions.
 - The conference report drops several enforcement mechanisms included in the Senate-passed budget: circuit breaker to protect Social Security, 20% limitation on new spending in reconciliation, and the debt disclosure requirement.

DEMOCRATIC FY09 BUDGET HIGHLIGHTS



TAX HIKE HITS MOST HOUSEHOLDS

Average Taxpayer	Income	Tax Increase
Mrs. Brown A widow with two young children, working as a teacher	\$30,000	\$1,100
The Myers A retired couple	\$40,000	\$2,200
The Smith Family Mr. Smith is a security guard & his wife takes care of two young children	\$50,000	\$2,300
The Handy Family Owners of a local hardware store	Small Business	\$4,100
The Jones Family Mr. Jones is a Sgt. with the local police force while his wife teaches at an elementary school	\$110,000	\$4,300