



REPUBLICANS' BUDGET HURDLES

With the federal deficit spiraling out of control and deep divisions emerging among Congressional Republicans, President Bush will have a hard time getting his misguided FY07 budget to pass.



Republicans have lost credibility on the issue of fiscal responsibility.

- A new Bloomberg/*Los Angeles Times* poll released on March 2 showed that on the issue of the federal budget deficit, only 24% expressed approval for President Bush's policies, while 67% disapproved. [*LA Times*, 3/3/06]
- "The Congressional Budget Office released its scores of President Bush's Fiscal 2007 budget proposal Friday afternoon, painting a picture of increasingly tight domestic discretionary spending and persistent budget deficits fueled over the next decade by tax cuts." [*CQ*, 3/3/06]
- **Stephen Slivinski, Director of Budget Studies at the Cato Institute:** [Republicans], supposed to be the party of small government ... are not going to find much help in the ... budget." [*Christian Science Monitor*, 2/13/06]



After amassing the five largest deficits in history, Republicans now must raise the debt ceiling for a fourth time.

- Republicans have created record deficits over the past years: -\$355 billion projected by the CBO for FY07, -\$371 billion projected by the CBO for FY06, -\$318 billion for FY05, \$-412 billion for FY04, and -\$378 billion for FY03.
- Treasury Secretary John Snow sent a letter to Congress in December warning that the country's statutory debt limit would be reached in mid-February 2006, and urging Congress to increase the debt limit by mid-March. Congressional Republicans will now have to raise the debt ceiling by at least \$781 billion, after raising it by \$800 billion in 2004, by \$984 billion in 2003, and by \$450 billion in 2002. [*Reuters*, 12/29/05]
- Snow has already started tinkering with the G Fund in the Thrift Savings Plan, which is the government's securities fund. He told Congress yesterday to pass the debt limit increase "**immediately.**" [*CQ*, 3/6/06, emphasis added]



Republican divisions on the budget are already starting to emerge.

- **Rep. Michael N. Castle (R-DE):** “I’m opposed to the president’s budget.” [CQ, 3/1/06]
- **House GOP Moderates Are Concerned About Cuts:** “Rep. Mark Steven Kirk, R-Ill., said moderates are assembling a list of concerns about proposed cuts and want to know how GOP appropriators and leaders plan to allocate discretionary spending before voting for a budget resolution.” [CQ, 3/1/06]
- **House GOP Conservatives Are Calling for More Cuts:** “Leading House conservatives yesterday urged Republicans to cut spending in order to fulfill President Bush’s request for an additional \$92 billion targeted for hurricane relief, Iraq and the ongoing war on terror.” [Washington Times, 2/28/06]
- **Senate Budget Committee Chairman Judd Gregg (R-NH):** “It’s a hollow budget and I can’t understand it because I’ve watched the press conferences where the administration has said it’s committed to border security and domestic defense, and yet, this budget isn’t going to get there.” [Washington Times, 3/1/06]
- **Senate Judiciary Committee Chairman Arlen Specter (R-PA):** “I think it’s an unrealistic budget. And I thought when it came out that I should say something brief but emphatic, which is the reason I chose the word ‘scandalous.’ It’s the kind of word that people remember.” [CQ, 3/1/06]



Republicans have yet to pass their tax reconciliation bill, which when juxtaposed with the FY07 budget, will further highlight their misguided priorities for the American people.

- The Republican tax reconciliation bill is “awaiting formal negotiations by a House-Senate conference.” [CQ, 3/2/06]
- The House version of the tax bill prioritizes tax cuts for Capital Gains and Dividends, which are “highly skewed towards upper-income tax Returns.” Meanwhile, the House bill fails to include the extension of a fix for the Alternative Minimum Tax, which leaves 17 million Americans vulnerable to an increased tax burden. [Eric Toder, Urban Institute, in testimony to Senate Finance Committee, 06/30/05]
- **Sen. George Voinovich (R-OH):** “I do not know how anyone can say with a straight face that when we voted to cut spending in December to help achieve deficit reductions, we can now turn around a short while later to provide tax cuts that exceed or cancel out the reduction in spending... We cannot afford these tax cuts.” [Washington Post, 2/2/06]