



John Spratt,
Chairman

May 24, 2007

Conference Agreement on the FY 2008 Budget Resolution: Building on the “Six for ‘06”

A New Direction for America — Following our pledge to provide a new direction, the 110th Congress took quick action in six key areas – and the conference agreement on the FY 2008 budget builds on those themes. The budget makes a down payment to fulfill commitments we have made to the American people within the context of a balanced budget that does not raise taxes. The conference agreement closely tracks the budget resolution that passed the House on March 29.

Six for ‘06 — The conference agreement balances the budget by 2012. It provides funding for 9/11 Commission recommendations. The budget increases funding for children and veterans’ health care services. It also accommodates additional tax relief for middle-income families including immediate relief from the Alternative Minimum Tax. It increases funding for Head Start, LIHEAP, and other vital programs, and it provides funding to assist in rebuilding the Gulf Coast communities ravaged by Hurricane Katrina.

Fiscal Responsibility

- Provides for budget surplus in 2012 without raising taxes. In contrast, the President’s budget is always in deficit
- Strengthens PAYGO by adding a Senate PAYGO rule and by calling for the reinstatement of statutory PAYGO
- Includes House trigger mechanism to ensure that revenue legislation is fiscally responsible or else faces a second procedural hurdle in the House in addition to the PAYGO rule

Defending Our Nation

- Provides robust defense funding levels while targeting resources on the most pressing security concerns
- Increases funding for veterans’ health care and services by \$6.7 billion (18.3 percent) above the 2007 enacted level, and \$3.6 billion above the President’s budget
- Provides more homeland security funding than the Administration
- Provides funding for the 9/11 Commission recommendations

Putting Children and Families First

- Accommodates an increase of \$50 billion to expand children’s health insurance to cover millions of additional uninsured children
- Provides a 2008 program level that is \$9.5 billion over the President’s 2008 request for education, training, and social services, which includes funding for No Child Left Behind programs, special education, and aid to help students afford college

- Includes reconciliation instructions to the Education and Labor Committee, reducing the deficit by \$750 million over five years and providing procedural protection for a bill to enhance student benefits in the student loan programs
- Accommodates relief from the Alternative Minimum Tax for millions of middle-income taxpayers, as well as extension of middle-income tax cuts
- Increases funds for Head Start and child care
- Provides new funding to assist communities and rebuild housing in the aftermath of Hurricane Katrina
- Rejects the President's cut to the Social Services Block Grant program
- Provides increased funding for the Low-Income Home Energy Assistance Program (LIHEAP)
- Includes an affordable housing initiative

Growing Our Economy

- Begins to reverse six years of high deficits and mounting debt
- Funds the House Democratic innovation agenda, putting us on a path to double funding for NSF and providing significant increases in K-12 math and science education
- Accommodates policies to strengthen the farm economy
- Provides funding to reauthorize FAA programs and fully funds the highway bill
- Increases funding for programs such as Community Development Block Grants to promote economic development in local communities

Preserving Our Planet

- Accommodates comprehensive energy legislation promoting renewable energy, moving toward energy independence
- Increases conservation funding
- Rejects harmful Administration cuts in environmental programs

An Accountable and Efficient Government

- Institutes tough program integrity initiatives to crack down on wasteful or fraudulent spending in Social Security, Medicare, and Unemployment Insurance programs
- Supports IRS enforcement to collect unpaid taxes from those who are not paying what they owe, thus helping to close the tax gap
- Provides additional resources to reduce huge backlogs in claims processing in the Veterans Administration, Social Security Administration, and other agencies
- Directs House committees to identify wasteful and lower priority spending that can be cut in order to fund more pressing needs.



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Key Features of the 2008 Budget Conference Agreement

Fiscal Responsibility

- Reaches balance in 2012, without raising taxes
- Posts a smaller deficit than the President's budget over five years
- Complies with House pay-as-you-go rule and institutes a strong pay-as-you-go rule in the Senate, as well
- Includes program integrity initiatives to root out wasteful spending
- Includes House trigger mechanism to ensure that revenue legislation is fiscally responsible or else faces a second procedural hurdle in the House in addition to the pay-as-you-go rule

Revenue Highlights

- Provides for immediate fix of the AMT, consistent with pay-as-you-go
- Provides for additional middle-income tax relief – such as extension of the child tax credit, 10 percent individual income bracket, and marriage penalty relief – and enhanced economic equity through tax policies, consistent with pay-as-you-go

Mandatory Program Highlights

Accommodates the following initiatives, consistent with pay-as-you-go rules:

- expansion of children's health insurance coverage
- reforms to improve Medicare for beneficiaries and protect access to care
- changes to student loans, grant aid, or tax benefits to make college more affordable
- reauthorization of the farm bill

Discretionary Funding Highlights

- Includes a robust defense level, while targeting resources toward our most pressing security needs
- Increases veterans' funding for 2008 by \$6.7 billion (18.3 percent) over the 2007 enacted level
- Provides additional resources to begin to address domestic priorities within a fiscally responsible framework, including homeland security, scientific innovation, and education – providing \$9.5 billion above the President's 2008 request for education, training, and social services

Scope of the Budget Resolution

- Establishes a framework to guide budgetary decisions for the year
- Leaves specific direct spending, revenue initiatives, and offset decisions to authorizing committees



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2008 Budget is Fiscally Responsible

After six years of reckless fiscal policy that yielded record deficits, the conference agreement on the 2008 budget restores fiscal responsibility and brings the budget back to balance, reaching a surplus of \$41 billion in 2012.

Provides New Direction for Country — The new Congressional Majority pledged to restore the country's economic health, reclaim our leadership position in the world, advance our national security, and invest in the future. The 2008 budget resolution takes important steps toward meeting those goals. The budget resolution:

- returns the budget to balance without raising taxes;
- begins to reverse six years of fiscal mismanagement and harmful cuts in key areas;
- expands the pay-as-you-go rule to the Senate; and
- sets us on a course to build the future we want for our children and grandchildren.

Begins to Clean Up Fiscal Mess We Inherited — Unfortunately, the nation's budget outlook deteriorated dramatically over the last six years under Republican policies. When President Bush took office in 2001, we enjoyed a record \$5.6 trillion ten-year projected surplus. That surplus has been squandered. Gross debt has exploded – rising from \$5.8 trillion in 2001 to an estimated \$9 trillion by the end of this year. This debt is accumulating at the worst possible time, just before the retirement of the baby boom generation. The President's 2008 budget continues the fiscal approach that has brought these large deficits. In contrast, the budget resolution puts the nation back on a sound fiscal path.

Contains Tough New Enforcement Procedures — The budget resolution includes a pay-as-you-go rule for the Senate that complements the rule adopted earlier this year in the House. The Senate rule requires that new mandatory spending or new tax cuts be offset, or get 60 votes. The plan also allows reconciliation to be used only for deficit reduction only. Since 2001, the Republican-controlled Congress abused reconciliation by using the procedure to pass tax cuts that have increased the deficit by more than \$1.7 trillion.

A Balanced Budget Must Be Accompanied by Balanced Priorities — The budget resolution rejects the President's proposals to again cut critical domestic priorities. It provides needed resources in key areas such as children's health/SCHIP, education, and veterans' health care. The budget resolution also provides robust funding for national defense and ensures that resources are available to address the critical threats facing our nation. It provides more

homeland security funding that the Bush Administration and provides funding for the 9/11 Commission recommendations.

Federal Dollars Must Be Spent Effectively — The budget resolution institutes tough program integrity initiatives designed to crack down on wasteful or fraudulent spending and increase taxpayer compliance. Initiatives are focused in areas that account for the majority of the federal government's improper payments, including Social Security Administration's disability insurance and supplemental security income programs, Medicare, and unemployment compensation.

Protects Middle-Class Taxpayers — The budget resolution supports middle-class tax relief, including extending marriage penalty relief, the child tax credit, and the 10 percent bracket, as long as it is offset. The budget also supports reform of the estate tax to protect small businesses and family farms. All tax relief is subject to the pay-as-you-go rule. The resolution includes a second procedural hurdle in the House to ensure that tax cuts are fiscally responsible. Tax cut legislation that is not fully offset must include a trigger that allows for implementation only if specific conditions are met. First, within six months of the time when the bill would first become applicable – which cannot be earlier than 2010 – there must be a projected surplus for 2012. Second, the revenue impact of the bill cannot consume more than 80 percent of the projected 2012 surplus, and – no matter how large that surplus is projected to be – cannot exceed \$180 billion. Supporters of trigger mechanisms on tax cuts as a responsible fiscal approach include Federal Reserve Chairman Alan Greenspan in 2001 and Office of Management and Budget Director Rob Portman in 1999.



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Claim That the 2008 Budget Raises Taxes Not Accurate

The budget resolution calls for no tax increases and instead accommodates middle-income tax cuts as long as they are fully offset. Some of America's most respected public policy experts confirm that the resolution contains no tax increases.

“The budget plan does not include a tax increase.”

– The Center for Budget and Policy Priorities, May 16, 2007

“The budget would not raise taxes...If anything, the budget resolution assumes that Congress will cut taxes.”

– The Hamilton Project at the Brookings Institution, May 16, 2007

The 2008 budget resolution does not contain a single penny of tax increases – period.

Republicans have been inaccurately claiming that the 2008 budget includes the largest tax increase in history – a charge that is simply not true. In fact, the 2008 budget includes no tax increase whatsoever.

Accommodates extension of the middle-income tax cuts — In section 401, the conference agreement clearly states its support for tax relief that would benefit the middle class – including extension of the child tax credit, 10 percent individual income bracket, and marriage penalty relief – and provide for estate tax reform. The budget also supports extending the research and development tax credit and the deduction for state and local sales taxes. Section 303 of the conference agreement provides reserve funds in both the Senate and the House for the extension of such tax cuts, as long as the legislation complies with the Pay-As-You-Go rule.

Provides immediate relief for middle-income taxpayers from the Alternative Minimum Tax — Section 401(a) of the resolution states the policy of the House to protect middle-income taxpayers against the looming threat of the Alternative Minimum Tax. Section 303(b) of the resolution accommodates reform of the AMT, as long as the legislation complies with the Pay-As-You-Go rule. Unless the AMT is reformed, tens of millions of additional families will have to pay higher taxes in 2007.

Leaves current tax cuts in place now, and provides for their responsible extension in the future — Nothing in this budget resolution will change the tax cuts that are currently on the books through December 31, 2010.



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2008 Budget Supports Students

Makes Education a Top Priority — The conference agreement on the 2008 budget rejects the President’s harmful education cuts. His cuts will make it harder for children to learn, for teachers to receive the training they need to be most effective, and for high school graduates to pay for college. The Democratic budget provides \$9.5 billion above the President’s 2008 request for appropriations for the education budget function.

The budget will “allow for significant new resources for important programs such as the Individuals with Disabilities Education Act (IDEA), the No Child Left Behind Act (NCLB), and Pell Grants. In doing so, it represents an essential down payment toward meeting the needs of underfunded programs and fulfilling every child’s basic right to a great public school.” – National Education Association

Dramatically Increases Discretionary Education Funding — The budget provides a 2008 program level that is \$5.6 billion above the level Congress enacted for 2007 for the education budget function. This funding level accommodates an increase in appropriations for vital programs such as Head Start, special education (the Individuals with Disabilities Education Act, or IDEA), Title I and other programs under the No Child Left Behind Act, and Pell Grants and other assistance for college students.

Rejects President’s Cuts to Vital Funding for Vulnerable Students — The budget rejects the President’s harmful cuts to key education programs for children who most need help. For example, the President’s 2008 budget cuts funding for Head Start and for special education below last year’s levels. In fact, the President’s budget cuts funding for IDEA even below the level provided two years ago. That cut will further erode the federal government’s share of special education costs – which peaked at 18.6 percent in 2005 – providing only 16.5 percent of total costs for 2008.

Makes College More Affordable — The conference agreement also includes budgetary mechanisms - a reserve fund and reconciliation instructions - to help speed passage of legislation to make college more accessible and more affordable. The budget facilitates legislation that would enhance benefits for college students, including reducing interest rates on students loans, providing significant increases in grant aid for students, or expanding or creating tax benefits to offset the cost of tuition.

“This budget provides a meaningful increase in funding for education programs and paves the way for larger pro-student reform.”

– **U.S. Public Interest Research Group and the United States Student Association**

Provides Reconciliation Protection for Student Loan Reform — At the request of Chairmen Miller and Kennedy, the budget resolution includes reconciliation instructions for the education committees. The instructions provide procedural protection for legislation the chairmen intend to write to enhance student aid benefits. The instruction directs each committee to report legislation by September 10 that reduces the deficit by \$750 million over six years (2007-2012).

“Students today are graduating from college with more debt than ever before. And many would-be college students are holding off on getting a degree – or skipping it altogether – because they can’t afford it. I am pleased that the Budget Committee has included a reconciliation instruction for the Education and Labor Committee. It is critical that Congress use this opportunity to provide some much-needed financial relief for families trying to pay for college.”

– **Rep. George Miller, Chairman, House Committee on Education and Labor**



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2008 Budget Honors our Commitments to Veterans

“As a nation at war, these funds will help cover the ongoing cost of war to care for the men and women of the U.S. military and their families.”

The American Legion

Provides Historic Increase for Veterans — The 2008 budget provides the funding needed to honor our commitments to veterans – most importantly, to provide them with excellent health care. It provides more than \$43.0 billion in appropriated veterans funding for 2008 – the largest increase in history and \$6.7 billion more than current 2007 appropriations.

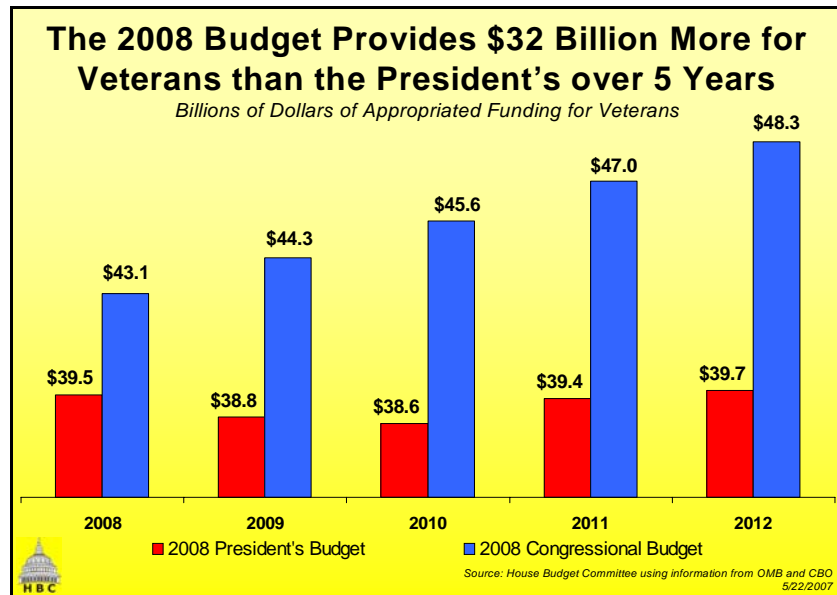
Provides \$32 Billion More than the President’s Budget Over Five Years — While the 2008 budget provides a historic funding increase, the President’s budget does not adequately fund veterans’ health care for 2008 and cuts funding below the 2008 level in later years.

Rejects the President’s Fee Increases for Veterans’ Health Care — The 2008

budget saves veterans from paying increased fees totaling \$355 million in 2008 and \$2.3 billion over five years. The President’s budget imposes those new enrollment fees and increases co-payments on Priority 7 and 8 veterans. Congress has rejected these fees four years in a row.

Commended by Veterans Service Organizations — VSOs have commended the 2008 budget:

- **The Independent Budget (a plan developed by four leading VSOs):** “We appreciate your efforts . . . to achieve an excellent mark for total discretionary spending for the Department of Veterans Affairs for this year. Your support for discretionary funding levels consistent with The Independent Budget will allow the VA to better address the needs of the men and women returning from Operation Enduring Freedom and Operation Iraqi Freedom as well as all veterans who have served in the past.”
- **The American Legion:** “The American Legion and its 2.8 million members applaud . . .



the Fiscal Year 2008 Budget Resolution. . . Your recommendations closely correspond to the views and estimates submitted by The American Legion in February.”

- ***Iraq and Afghanistan Veterans of America:*** “[W]e applaud the . . . \$43.1 billion in discretionary funding for Veterans . . . Members of the Armed Services serving in Iraq and Afghanistan have answered the call to serve our nation. Now it is time to ensure that they are properly taken care of once they have returned from the battlefield.”

Supports Excellent Health Care for All Veterans — Following the problems at Walter Reed Army Medical Center, the 2008 budget provides resources to begin implementing recommendations for improving military and veterans’ health care facilities and treatment. The budget resolution also includes funds to cover increases in medical care costs and deal fully with the increasing number of patients in the veterans’ health care system.

Provides More Funding for Mental Health and Traumatic Injuries — The 2008 budget increases funding above the President’s budget’s inadequate levels to research and treat mental health problems, post-traumatic stress disorder, and traumatic brain and spinal cord injuries.

Increases Funding to Speed Disability Claims Processing — The 2008 budget increases funding above the President’s budget for the Department of Veterans Affairs (VA) to improve the speed and accuracy of disability claims processing and reduce the inventory of pending claims. The resolution allows VA to hire more personnel than the President’s budget.

Includes a Deficit-Neutral Reserve Fund for Improving Veterans’ Benefits — The 2008 budget accommodates legislation to:

- enhance disability benefits for military personnel or veterans,
- expand eligibility to receive both VA disability compensation and military retirement pay,
- eliminate the offset between survivor benefit annuities and veterans’ dependency and indemnity compensation,
- improve disability evaluations of military personnel or veterans,
- enhance education benefits, and
- increase benefits to Filipino veterans of World War II and their survivors and dependents.

Why VA Needs Additional Funding

VA is Treating More Patients Every Year and 2.4 Million More than 10 Years Ago — Over the last decade (1996-2006), the number of VA patients rose from 3 million annually to more than 5.4 million (up 80 percent). For 2008, VA projects 5.8 million patients, including 5.3 million veterans. In total, there are currently more than 23 million veterans. Although the number of veterans is declining, the number of VA health care patients is rising.

VA is Treating Many More Iraq and Afghanistan War Veterans Each Year — In 2003, VA treated just under 14,000 Iraq and Afghanistan war veterans. In 2006, VA treated about 155,000, a ten-fold increase. For 2008, VA expects to treat more than 263,000 veterans of the Iraq and Afghanistan wars.



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2008 Budget Makes Homeland Security and Law Enforcement a Top Priority

Budget Provides More for Key Homeland Security Budget Functions — The conference agreement on the 2008 budget provides more for 2008 and each subsequent year than the President's budget for the four budget functions that fund the bulk of non-defense homeland security initiatives. These additional funds can be used for a number of critical priorities, including:

- **9/11 Commission Recommendations** — The budget provides funding that can be used to help address previously underfunded 9/11 Commission recommendations such as increasing efforts to screen cargo on passenger aircraft, increasing efforts to scan shipping containers in foreign ports, and providing interoperable communications to first responders.
- **First Responders** — The budget resolution places high priority on rejecting the President's cuts to first responder and local law enforcement programs, which include:
 - ▶ Local Law Enforcement Terrorism Prevention grants (cut \$112 million)
 - ▶ State Homeland Security Grant Program (cut \$338 million)
 - ▶ Urban Area Security Initiative (cut \$170 million)
 - ▶ Firefighter assistance grants (cut \$362 million)
 - ▶ Staffing for Adequate Fire and Emergency Response Firefighters (cut \$115 million)
 - ▶ Byrne Justice Assistance Grants (cut \$170 million)
 - ▶ Community Oriented Policing Services (COPS) (cut \$510 million)
 - ▶ State Criminal Alien Assistance Program (SCAAP) (eliminated)
- **Port Security** — The President's budget included only \$210 million for port security grants, \$190 million short of the authorized level of \$400 million per year.

Budget Provides \$2.1 Billion More than the President for Law Enforcement — The budget provides \$2.1 billion more than the President's 2008 request for federal and local law enforcement programs. To increase funding for federal law enforcement, the President requested deep cuts and the virtual elimination of many programs that assist local law enforcement (such as Byrne Grants, COPS, and the State Criminal Alien Assistance Program). In contrast, our budget resolution ensures that sufficient resources are available both to increase funding for federal law enforcement (such as the FBI and Customs and Border Protection) and to adequately fund local law enforcement programs.



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2008 Budget Addresses Critical National Defense Needs

Provides \$507 Billion for Base 2008 Defense Budget — The 2008 conference agreement on the budget matches the President's base national defense budget but calls for a shifting of resources to address the most critical threats facing our nation.

Includes \$145 Billion for 2008 and \$50 Billion for 2009 for Overseas Deployments and Related Activities — The budget levels match the President's request for overseas deployments for fiscal years 2008 and 2009. However, the funding totals are simply placeholders to reflect more realistic deficit projections; actual funding amounts for overseas deployments and related activities will be determined by Congress through the appropriations process.

Shifts Resources to Address the Nation's Most Pressing Security Needs — The budget calls for implementing GAO-recommended initiatives to combat wasteful spending, shifting these savings, as well as funds for missile defense and for defense acquisition programs with cost and schedule problems, to higher priorities. These priorities include:

- increasing Cooperative Threat Reduction efforts (a 9/11 Commission recommendation) to secure nuclear and other materials used in making weapons of mass destruction from falling into the hands of terrorists,
- mitigating shortfalls at Walter Reed and other health care facilities,
- eliminating the President's health care fee increases on military retirees, and
- ensuring adequate benefits for the troops (such as pay increases to retain experienced personnel).

Assumes More Funding for Readiness — The budget assumes that no less than \$5 billion be used to address deficiencies in training, equipment, force protection, logistics, and military medical care.

Includes Reserve Funds for Concurrent Receipt and Eliminating the SBP/DIC Offset — The budget also provides a deficit-neutral reserve fund that allows for expanding eligibility for retired military personnel to receive both disability compensation and retired pay and for eliminating the offset between survivor benefit plan (SBP) annuities and dependency and indemnity compensation (DIC).

Military Officers Association of America (MOAA) Endorses the 2008 Budget Resolution

"[the resolution] makes a strong start on meeting the needs of the military and veterans' community."

"...the resolution makes a strong statement of Congress's commitment to restoring national confidence that our wounded warriors will receive the kind of first-quality care and services that they have earned..."

"MOAA believes this budget resolution establishes proper priorities..."



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2008 Budget Invests in Children and Families

“For women and their families, this budget represents a long-awaited change in priorities.”
The National Women’s Law Center

FY 2008 Budget Allows Congress to Expand Health Insurance Coverage for Millions of Uninsured Children — The conference agreement on the 2008 budget includes a reserve fund to provide up to \$50 billion in additional resources to improve children’s health – enough to insure millions of eligible children and reduce the number of uninsured children over the next five years. Our budget is a striking contrast to the President’s proposals, which the Congressional Budget Office estimated would result in *fewer* children and pregnant women receiving this health care coverage.

FY 2008 Budget Rejects the President's Proposed Cuts in Education and Training and Adds Significant New Resources — The National Education Association calls the conference agreement on the 2008 budget “an essential downpayment toward . . . fulfilling every child’s basic right to a great public school.” For the 2008 program year alone, the budget provides an increase in discretionary funding for the education and training function of \$9.5 billion above the President's request. Those new funds could be used for the Individuals with Disabilities Education Act (IDEA), the No Child Left Behind Act, and Pell grants, among other things.

FY 2008 Budget Provides New Resources for Communities Still Struggling With the Aftermath of Hurricanes Katrina and Rita — The conference agreement on the 2008 budget provides additional 2007 funds to replenish the Federal Emergency Management Agency’s disaster relief fund and help FEMA work with local communities to better prepare for future disasters. It also includes substantial new discretionary funding for critical ongoing recovery efforts, and accommodates an affordable housing fund that will be focused on Gulf Coast communities for its first year.

FY 2008 Budget Accommodates Tax Relief for Middle-Income Families — The conference agreement on the 2008 budget supports fiscally responsible middle-income tax relief, including extending marriage penalty relief, the child tax credit, and the 10 percent bracket. The conference agreement also prevents the spread of the Alternative Minimum Tax (AMT), protecting some 20 million middle-income taxpayers from paying higher taxes in 2007.

FY 2008 Budget Restores the President’s Cuts and Provides Real Support for Families — The conference agreement on the 2008 budget rejects the President’s proposals to eliminate the Commodity Supplemental Food Program and the Community Services Block Grant and to terminate food stamps for some working families. It fully restores the President’s cuts to child

care funding, both in the Social Services Block Grant and the Child Care Development Block Grant, and fully restores the President's cuts to housing assistance. The budget provides additional funding for the Community Development Block Grant (CDBG) and the Low-Income Home Energy Assistance Program (LIHEAP). The budget also provides long-overdue resources to reduce backlogs in the Social Security disability system and expresses Congress's strong support for fighting hunger and ensuring that all children receive the child support they are owed.



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Health Care and Disability Benefits in the 2008 Budget

“[W]e are pleased that the agreement calls for \$50 billion for SCHIP reauthorization and expansion for children’s health care, an important building block in health care reform. We are also pleased that the proposed budget avoids arbitrary cuts in Medicaid and Medicare.”
AARP

Budget Agreement Supports Medicare Program Improvements — The Congressional budget conference agreement includes a reserve fund for reforms to improve Medicare for beneficiaries and protect access to care. Program changes could include improvements in prescription drug benefits or creating a more sustainable system for paying physicians. Reserve funds provide a special mechanism to help high-priority policy initiatives clear budget process hurdles, as long as the legislation meets the pay-as-you-go test.

Budget Rejects President’s Deep Cuts to Health Care — The President’s budget cuts a net of \$71 billion over five years from the major health benefit programs – primarily Medicare and Medicaid – without reinvesting the savings in needed health program improvements. The conference agreement rejects this. The House Republican budget was even more harmful, calling for \$239 billion in Medicare and Medicaid cuts over five years. The conference agreement supports efforts to improve efficiency without harming access to care, and reinvesting those efficiency savings in the health programs on which tens of millions of elderly, disabled, and low-income families rely. The conference agreement also supports initiatives to help the United States get more value for each health-care dollar over the long term – such as health information technology investments, research on the comparative effectiveness of various medical treatments, and activities to detect and prevent fraud in federal health programs.

Budget Invests in Children’s Health Care Improvements — The budget conference agreement rejects the President’s underfunded State Children’s Health Insurance Program (SCHIP) proposal that will result in 36 states having insufficient SCHIP funds in 2009, according to the Congressional Budget Office. Instead, the agreement includes a reserve fund to provide up to \$50 billion in additional resources to improve children’s health – enough to ensure that states can sustain current caseloads and insure millions of eligible but currently uninsured children.

Budget Supports Social Security Disability Process — Average waiting times for those seeking a hearing on their disability decision have nearly doubled since 2001, to a projected 524 days. Under the President’s budget, waiting times will increase further. The budget agreement provides \$430 million more than the President’s budget to help the Social Security Administration address disability claims and hearing backlogs while also ensuring increased funding for critical program integrity activities, which generate significant savings for the Social Security trust funds.



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2008 Budget: Preserving Our Planet

After six years of cutting environmental programs and failing to reduce our dependency on foreign oil, the conference agreement on the 2008 budget provides funding to make improvements in our environment and makes a real commitment to renewable energy.

Budget Begins Rebuilding Our Natural Resources and Environment Programs — The budget rejects the President's cuts and instead supports valuable natural resource conservation and environmental protection programs that both preserve our planet and enhance our quality of life.

In 2008, the budget makes a down payment on investments in our conservation and environmental protection infrastructure by providing a funding level of \$31.9 billion – over \$3.2 billion more than the President's budget and \$1.6 billion above the 2007 enacted level.

Over five years, the difference between the congressional budget and the President's budget is even more marked – our budget provides \$20.7 billion more than the President's budget for 2008 through 2012.

Budget Addresses Renewable Energy Research Needs — The budget provides funding above the Administration's recommended level for Department of Energy civilian energy and environmental programs that make important contributions to U.S. energy security, independence, and efficiency. This increased funding could be used for important research, development, and deployment of renewable and alternative energy technology and resources.

The budget also establishes a deficit-neutral reserve fund to accommodate funding for the development of energy conservation and efficiency technologies, clean domestic renewable energy resources, and alternative fuels that will reduce our reliance on foreign oil.

Budget Accommodates Increase in Agricultural Conservation Funding — The budget provides a deficit-neutral reserve fund for the reauthorization of the farm bill that allows for up to \$20 billion in increased agriculture spending from 2008 through 2012. The reserve fund accommodates additional spending for a number of environmental priorities, including natural resource conservation programs. The farm bill conservation programs help agricultural producers better comply with environmental regulations while also providing valuable natural resource benefits for the public, such as cleaner water and more abundant wildlife.

Republican Budgets Cut Environmental Programs

Budget Rejects Harmful Administration Cuts to Core Environmental Programs — Our budget rejects the Administration's proposed cuts to core environmental programs, such as the Land and Water Conservation Fund, the Fish and Wildlife Service's wildlife refuge system, and Environmental Protection Agency's (EPA) grants to states and tribes to address water quality, air quality, and brownfield redevelopment concerns.

Administration Cuts Funding for Natural Resources and Environment Programs in Real Terms — Since 2001, the Bush Administration and the Republican-led Congress have consistently underfunded the natural resources conservation and environmental protection programs that are important for preserving our planet and protecting our quality of life. Over eight years (2001 through 2008), total funding for Function 300 programs has fallen by 16 percent in constant dollars.

President's Budget Continues to Cut Environmental Programs — The Administration continues to tout its commitment to environmental protection and conservation, but reality does not match the rhetoric. For 2008, the Administration's budget once again significantly cuts funding for programs that protect public health and the environment by \$1.7 billion (5.4 percent) below the 2007 level, and by \$2.5 billion (8.0 percent) below the level needed to maintain current services. These substantial cuts undermine the ability to meet critical environmental needs.

Administration's Environmental Cuts Hurt Local Communities — The Administration's cuts to core environmental programs impact states and local communities. For example:

- **EPA** — Even though states and local governments are important partners with EPA in monitoring environmental quality and protect public health, cuts to EPA's state and tribal grants programs may force local agencies to lay off staff or shut down their existing programs.
- **Clean Water Infrastructure Funding** — An EPA analysis shows that there is a \$122 billion shortfall in capital infrastructure investment just to maintain current water quality standards. Despite the agency's own analysis of the critical need for water quality infrastructure, the Administration has continued to cut funding for grants to states to address this gap. The Administration's 2008 budget cuts the Clean Water State Revolving Fund to \$688 million, a cut of \$396 million (or 36.5 percent) below the 2007 level. In inflation-adjusted terms, this funding level is \$922 million below the historical average and is the lowest level of funding in at least 20 years.
- **Land and Water Conservation Fund** — According to a recent U.S. Forest Service report, the U.S. loses about 6,000 acres of open space every day, or four acres every minute. The loss of open space poses a threat to the health and sustainability of ecosystems and the character of rural, suburban, and urban communities. Land acquisition programs funded through the Land and Water Conservation Fund (LWCF) are valuable tools for addressing the increasingly significant loss of open space, forests,

and wildlife habitat. The President once again not only fails to fund the LWCF at the authorized level of \$900 million, but provides only \$59 million for 2008 for the intended LWCF purposes of preserving parks, forest, wildlife refuges, and open space. Since 2001, this Administration has cut land acquisition funding from the LWCF by \$394 million (or 87 percent).

House Republican Budget Follows the President's Lead and Continues Deep Cuts to Environmental Programs — The House Republican's budget imposed deep cuts in funding for environment and natural resource programs and also included reconciliation instructions to key authorizing committees. In 2008, the House minority budget cut over \$2.1 billion from level needed to maintain current services; the House minority budget for environmental programs was even \$304 million below the President's spare budget.

The House minority budget's reconciliation cuts would have resulted in substantial reductions in funding for natural resource programs. For instance, in a year when Congress is reauthorizing the farm bill, the House minority budget instructed the Agriculture Committee to generate about \$9.8 billion in direct spending cuts over five years. These reconciliation cuts would likely come from the core conservation programs in the farm bill. Similarly, the House minority budget also instructed the Natural Resources Committee to eliminate over \$4.6 billion in direct spending over five years.



John Spratt,
Chairman

U.S. HOUSE OF REPRESENTATIVES

COMMITTEE ON THE BUDGET

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May 24, 2007

2008 Budget: Cultivating Results for Rural America and Farmers

The conference agreement on the 2008 budget provides funding for a safe and abundant supply of food while also ensuring a strong economic safety net for our nation's farmers.

Budget Supports Our Agricultural Programs — The budget rejects the President's program cuts and instead supports agricultural services that deliver valuable economic and technical assistance to agricultural producers.

In 2008, the budget increases agriculture appropriations by \$137 million more than the Administration's budget and \$158 million above the 2007 enacted level. The appropriated programs include the U.S. Department of Agriculture's research and education programs, economics and statistics services, administration of the farm support programs, farm loan programs, meat and poultry inspection, and a portion of the Public Law 480 international food aid programs.

Budget Supports Reauthorization of the Farm Bill — The 2008 budget supports reauthorization of the expiring farm bill programs. The budget provides full funding for the commodity support, conservation, and food nutrition programs as under current law. The budget also includes a deficit-neutral reserve fund that allows for up to \$20 billion for the reauthorization of the farm bill. The reserve fund accommodates additional funding for a number of priorities, including improving the economic safety net for farmers, addressing domestic nutrition needs, enhancing conservation programs, and encouraging the production of renewable energy resources.

As opposed to the Democratic 2008 budget that envisions increased assistance to rural America, the House Republican budget severely cut agricultural services. For example, the House minority budget:

- Instructed the Agriculture Committee to generate about \$9.8 billion in direct spending cuts over five years, and the Republican budget required these cuts in a year when Congress is reauthorizing the farm bill. These reconciliation cuts would likely come from core agriculture programs, such as the natural resource conservation programs.
- Imposed deep agriculture funding cuts for 2008. In addition to the reconciliation cuts, the House minority budget also reduced 2008 agriculture funding by \$151 million from current services level.



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May 24, 2007

2008 Budget: A Commitment to Innovation and Competitiveness

Congressional Democrats are committed to ensuring America's continuing global competitiveness through investments in education and scientific innovation. The final 2008 budget we passed on May 17 represents a real commitment to priorities critical to ensuring continued American innovation in order to create new thriving industries that will produce millions of good jobs here at home and a better future for the next generation. The resolution:

- Provides \$150 million more than the President in 2008 for science, space, and technology programs;
- Provides \$470 million more than the President in 2008 for energy programs;
- Provides \$1.1 billion more than the President in 2008 for the budget's Function 370 (Commerce and Housing Credit), which includes the National Institute of Standards and Technology; and
- Provides \$9.5 billion more than the President in 2008 for education, training, employment, and social services programs.

The increased funding will support the House Leadership's Innovation Agenda, whose primary mission is to develop solutions that will help guarantee America's national security and prosperity. It will fund important initiatives to educate 100,000 new scientists, engineers, and mathematicians and place highly qualified teachers in math and science K-12 classrooms. It will put us on the path toward doubling funding for the National Science Foundation, basic research in the physical sciences, and collaborative research partnerships; and toward achieving energy independence through the development of clean and sustainable alternative energy technologies.

The President's Budget Cuts Education and Health Research — The President's 2008 budget includes deep funding cuts for education programs within the Department of Education, and cuts the National Institutes of Health. The President's budget includes significant increases for NASA, NSF and the DOE Office of Science, but cuts the Education and Human Resources account within NSF, which has already suffered deep cuts over the past several years. In particular, the budget cut NSF's funding for K-12 programs.

Congress Champions Innovative, Bold, Creative Energy Policy — After years of inattention followed by uneven commitment, our 2008 budget signifies a shift in the nation's energy policy. The budget increases funds for energy programs by \$470 million over the President's 2008 request. This funding that could bolster the research and innovation capacity in the Department of Energy and other key agencies, facilitating progress in achieving the nation's energy independence goals.

Supports Small Businesses, Technological and Manufacturing Innovation — The budget resolution rejects the President's 2008 cuts to programs that support and strengthen America's small businesses. Instead, the 2008 budget provides funding to restore or even expand the Manufacturing Extension Program (MEP), which helps small businesses adopt advanced manufacturing technologies, and the Advanced Technology Program, a grant program for businesses to develop new technologies for commercial use. In contrast, the President's budget cuts the Small Business Administration (SBA) below the level needed to maintain current services. The President's request flat-funds key entrepreneurial development programs in the SBA, such as the Women's Business Center program, the Small Business Development Center program, and the Service Corp of Retired Executives. Our 2008 budget rejects the President's cuts to SBA programs and activities and provides for necessary increases over the 2007 level.