

Congress of the United States
Joint Economic Committee
Democrats

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Contact: Nan Gibson
office: 202-224-0377
cell: 202-320-4545

**PRESIDENT'S FY 2007 BUDGET INCREASES DEFICITS,
OVERWHELMINGLY BENEFITS HIGH-INCOME FAMILIES**

Washington, D.C. – President Bush has submitted a budget to the Congress that would add to the deficit and reduce investments that aid moderate- and lower-income families in order to pay part of the cost of tax cuts going disproportionately to those with very high incomes, according to an analysis by the **Joint Economic Committee Democrats**.

“If Republicans in Congress use the President’s budget as their guide, deficits will continue to soar and working families will continue to bear the burden of tax cuts for the wealthiest,” said **Sen. Jack Reed** (D-RI), Ranking Democrat on the **Joint Economic Committee (JEC)**. “Congress needs to adopt a budget blueprint that helps both families and the fiscal outlook. In a time of war, we should be requiring greater sacrifice from those who can most afford it, instead of continuing to squeeze those who can least afford it.”

A Joint Economic Committee Democratic Staff analysis shows that the burden of the cuts in programs providing benefits to individuals would fall disproportionately on families in the bottom 40 percent of the income distribution. The share of spending cuts borne by those families would be disproportionate to their share of aggregate family income and to the share of any benefits they could expect to receive from the President’s proposed tax cuts.

Families in the bottom 20 percent of the income distribution would absorb 32 percent of the cuts in payments for individuals, even though their share of aggregate family income is only 3 percent, according to the report. Families in the next lowest fifth of the income distribution, with 8 percent of aggregate family income, would bear 23 percent of the budget cuts in payments for individuals.

Disparities in the impact of the President’s budget proposals on families in different parts of the income distribution are even more pronounced when the tax cuts are taken into account. Families in the bottom 40 percent of the income distribution would receive only 6 percent of the benefits from tax cuts while bearing over half the burden of the spending cuts. In contrast, families in the top 20 percent of the income distribution would receive over 70 percent of the benefits of the tax cuts while bearing only 14 percent of the burden of the spending cuts.

Report link: <http://jec.senate.gov/democrats/Documents/Reports/fy2007budgetmar2006.pdf>

The Joint Economic Committee, established under the Employment Act of 1946, was created by Congress to review economic conditions and to analyze the effectiveness of economic policy.