



U.S. HOUSE OF REPRESENTATIVES

COMMITTEE ON THE BUDGET

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Van Hollen opening statement at the mark-up of the FY2013 budget resolution

Mr. Van Hollen. Thank you, Mr. Chairman. I think we all understand that we gather today to consider a long-term budget plan and at an especially consequential moment for our country. Unfortunately, this Republican budget makes the wrong choices for America.

I would like to put up a slide now that shows the current job situation, where we have come from and where we are. And what this slide shows is that as a result of the extraordinary actions that have been taken over the last few years and many difficult decisions made by the President and the previous Congress, America avoided a second Great Depression and is now emerging from the ravages of a financial meltdown and near economic collapse.

This chart is very vivid and very clear. What it shows is that the day the President was sworn in we were losing jobs in this country at the rate of 800,000 jobs per month, GDP was collapsing, negative 8 percent growth. Soon thereafter, the Congress and the President took action, we stopped the free-fall and we have been climbing out of that. We have now had over 23 months of sustained private sector job growth, over 3 1/2 million jobs created. We need to sustain that growth. And our top priority has to be to make sure that we nurture that fragile recovery.

It is clear that putting Americans back to work is the fastest and most effective way to reduce the deficit in the short term. In fact the Congressional Budget Office estimates

that our weak economy and underemployment is the major single contributing factor to the deficit, accounting for over one-third of the projected deficit for this fiscal year.

Now both the President's jobs plan and the President's budget and the budget that we will propose as an alternative next week make key investments in areas of our economy that will help spur job creation now and ensure our success in the long term. It calls for initiatives to help modernize our roads, our bridges, our schools. And when you have an unemployment rate in the construction industry of over 17 percent, that is a win-win for the American People.

In addition, the President's plan and our plan will not expand incentives to ship American jobs overseas as this Republican budget does, but it will invest in jobs here at home so we can make it in America.

In addition to helping small businesses put more Americans back to work, our budget will make strategic long-term national investments to out educate, out innovate and out compete the rest of the world in investments that are essential for long-term economic growth and to maintain our competitive edge.

Now long-term economic growth also requires that we enact a plan now to predictably reduce our deficits and debt. Mr. Chairman, the issue is not whether we enact a plan to reduce the deficit, it is how we do it. It is the choices we make. To govern is to choose and the choices made in the Republican budget are simply wrong for America. It is not bold to provide tax breaks to millionaires while ending the Medicare guarantee for seniors and sticking seniors with the bill for rising health care costs. It is not courageous to protect tax giveaways to big oil companies and other special interests while slashing investments in our kids' education, scientific research, and critical infrastructure. It is not visionary to reward corporations that ship American jobs overseas while terminating the

Affordable Care Act that provides affordable care to tens of millions of Americans. And it is certainly not brave to give Governors a blank check to fund their pet initiatives and a license to cut support for seniors in nursing homes, individuals with disabilities, and low-income kids. And it is not fair to raise taxes on middle-income Americans to pay for another round of tax breaks for the very, wealthy. And yet those are the choices that are made in this Republican budget.

Where is the shared responsibility? We have American men and women putting their lives on the line in Afghanistan, while others hide their income in the Cayman Islands and Switzerland and refuse to pay their fair share. As the bipartisan Simpson-Bowles Commission indicated, any responsible effort to reduce the deficit requires a balanced approach that addresses both spending and revenue, and the Republican budget fails that simple test.

Probably not a surprise since 98 percent of House Republicans have signed a pledge refusing to close a single special interest tax loophole or eliminate a single subsidy for a big oil company for the purpose of deficit reduction. In keeping with that pledge, the Republican budget rigs the rules of the game in favor of the very wealthy and in favor of special interests, and it does so at the expense of middle-income Americans, at the expense of seniors, and at the expense of critical investments to help our economy grow stronger.

In addition to locking in that portion of the Bush tax cuts that benefits the very wealthy, this Republican budget proposes another tax windfall for the very wealthiest Americans. Combined, on average they will get \$150,000 tax break for a millionaire. Because by cutting the top rate from 35 percent to 25 percent generates an income loss of about \$5 trillion, based on Joint Tax Committee estimates. And you have to make up that \$5 trillion loss if you are going to go do this in what you say is a revenue neutral way, as we will

show later, you are financing those tax cuts for the super wealthy at the expense of middle-income Americans.

In fact, I would like to now put up another chart here. Because all of this is done in service to what has been a proven failure of an ideology, the notion of trickle down economics, the notion that somehow when you provide tax breaks to folks at the very top it is going to trickle down and boost everybody else in this economy. We have been there, we tried it. It was called the 8 years of the Bush administration. What happened at the end of those 8 years was a net loss in private sector jobs, but what also you see is that little up loop, after those tax cuts you saw a huge increase in after tax income of the top 1 percent. So it was a rising tax break tide; didn't lift all boats, lifted the yachts, but it didn't lift anybody else.

So what are the consequences of not asking for shared responsibility? It means everybody else, everybody else has to bear the burden of deficit reduction. And it means we have to compromise important investments to help our economy grow stronger.

Now we understand you have got to make some tough cuts. In the Budget Control Act we cut a trillion dollars. In fact we cut the amount of discretionary spending as recommended by the bipartisan Simpson-Bowles Commission. But what your budget proposes is another trillion dollars in nondefense discretionary spending, and that will simply devastate important investments, and you don't even show where you are going to get those cuts. You just put a big pool at the bottom of your budget saying go find them without explaining the consequences of that.

Now our country has become an economic powerhouse in part because we work together to make those important investments like the GI bill, and like the interstate highway system. And by gutting those investments you are prescribing a recipe for national

decline.

Now let me turn to the question of health care. Every member of this committee knows that the rising health care costs represent a huge challenge for the Federal budget, but we have also sat through a lot of hearings where we know that the per beneficiary increase in cost in the Medicare program over time has actually been less than the increase for beneficiary costs in the private insurance market. So it is not a solution to say to people we are going put you into the private market. And it is very clear that if you do that what you are going to end up doing is rationing care based on income.

Now, the Affordable Care Act took a number of measures to try and reduce the health care costs throughout the health care system. You repealed that. At the time you said you repeal it, you said you are going to come up with another bill that is going to make sure that no one is denied insurance because of preexisting conditions. You have got a bill that says you are going to find a way to lower health care premiums. Haven't seen that bill yet. So you are getting rid of something that provides affordable care to tens of millions. We haven't seen the other bill yet. And again this doesn't reform Medicare, it deforms it.

Let me make clear what happens, because despite claims that the market competition will curb rising costs, the plan here places an artificial cap on the amount of the voucher or premium support, whatever you want to call it. Now our Republican friends have said well, it is just like part D, the prescription drug plan in Medicare. It is not, there is no cap in part D. You said well, it is like the Federal Employees Health Benefit Plan. That is not true either. There is no cap on the amount of premium support given the to Members of Congress. And yet you are prescribing for folks on Medicare a plan that provides that cap which will transfer costs to them, costs that you don't take the risk of transferring to other Members of Congress.

Finally, you rip apart the safety net with respect to Medicaid. I mean this is an area where you whacked to the tune of \$800 billion, about a third of the Medicaid budget, by the tenth year. And Mr. Chairman, to say that you are doing that in order to repair, as this thing says, to repair the social safety net, I think people are going to be hard pressed to understand how cutting it by the third, a program we all know is already under funded, is somehow repairing it.

Finally, let me just say that this budget, it doesn't balance in 10 years, it doesn't balance in 20 years. And when you look at the outyear numbers, I just think it is important that members keep in mind and CBO has said this very clearly in a letter that they sent to the chairman, that it is not based on a CBO analysis of any policies that are in this plan. It is not based on that analysis.

In fact, I am going to read exactly from CBO letter so we all understand. It says, those calculations, meaning those in the CBO report, do not represent a cost estimate for legislation or analysis of the effects of any given policies. CBO has not considered whether specified paths are consistent with the policy proposals or budget figures released today by Chairman Ryan as part of his budget resolution. They are based on the figures specified by the chairman and his staff.

I am going to close with this point, Mr. Chairman, as you start to look to the outyears, 2030, 2040, 2050 and you look at that chart that we always see, I just want members to understand that when CBO says it will decline all they are being given is numbers from the Republican staff and say plug this in as an assumption. Every member of the committee could do that. They are not based on an analysis of specific policy changes that are being recommended and how those policy changes.

So I hope, Mr. Chairman, that as we move forward we can better understand the

impact of those policy changes and come up with a bipartisan approach at the end of the day, whether it is this year or some point in the future. And again I thank the committee for its time.