

Top 6 Reasons To Oppose the Budget Resolution Conference Report

1) No New Money for Education. The conference report rejected both the Harkin and Breaux/Jeffords education amendments. The Harkin amendment provided \$225 billion in outlays for education spending and \$224 billion for debt reduction, and the Breaux/Jeffords amendment provided \$70 billion in mandatory funding for the Individuals with Disabilities Education Act (IDEA). The conference report provides ***no increased funding at all over baseline*** for discretionary education programs or IDEA, despite the fact that the Senate passed another education funding amendment on May 3 that provided \$150 billion in mandatory funding for IDEA as part of consideration of the Better Education for Students and Teachers Act (S.1).

2) Unaffordable Tax Cuts Crowd Out Priorities. The conference report allows nearly \$1.4 trillion in tax cuts, including \$1.35 trillion over 11 years that will be included in a reconciliation bill. Aside from reconciliation, the conference report provides for \$47 billion in additional revenue reductions, including \$28 billion for health care for the uninsured, \$14 billion in reduced Securities and Exchange Commission fees (SEC), and an additional \$4 billion in miscellaneous reductions.

3) “Hides” Defense Spending Increases By Providing a Blank Check to the Bush Administration. The conference agreement contains completely unrealistic defense spending levels. Although the Bush Administration requested an additional \$62 billion over 10 years for defense, and the Senate passed several amendments to increase funding beyond that level, (including one by Armed Services Committee Chairman Warner that added substantial increases in just one year), the conference report includes only \$40 billion in defense spending increases over 10 years. Even worse, the conference report provides a “blank check” to the Administration for additional defense spending. A special reserve fund allows for unspecified defense spending increases in appropriated or mandatory areas, if the President’s National Defense Review requests them.

4) Raids the Social Security and Medicare Trust Funds. The conference report would raid the Social Security and Medicare Trust Funds when additional costs that the conference report “hides” are factored in. Adding low-end estimates of additional defense spending that Defense Secretary Rumsfeld is likely to request, the costs of the IDEA amendment that passed the Senate on May 3, and the costs of addressing Alternative Minimum Tax (AMT) reform, will result in a massive raid on the Social Security and Medicare Trust Funds.

5) Cuts Spending for High Priority Domestic Needs by \$61.5 Billion over 10 Years. In an 11th hour change, the conference report cut \$61.5 billion in appropriated spending for high priority domestic needs. In addition, total discretionary budget authority would total only \$661.3 billion in 2002, below the amount CBO estimates is needed to keep pace with inflation. When defense spending increases are factored in, ***nondefense spending would be cut by \$5.5 billion below the level needed to keep pace with inflation in 2002.*** These discretionary spending assumptions are completely unenforceable, and make a mockery of the budget resolution for the fourth year in a row.

6) Fails to Set Aside Funds for Long-Term Social Security and Medicare Reform. Despite the President’s announcement of a Commission on Social Security reform, the conference report fails to provide any resources for long-term Social Security reform. This lack of funding will force the commission to develop a reform plan which could drastically reduce already promised benefits, increase taxes on workers, and/or increase debt, and will make it much more difficult to enact bipartisan Social Security reform legislation.

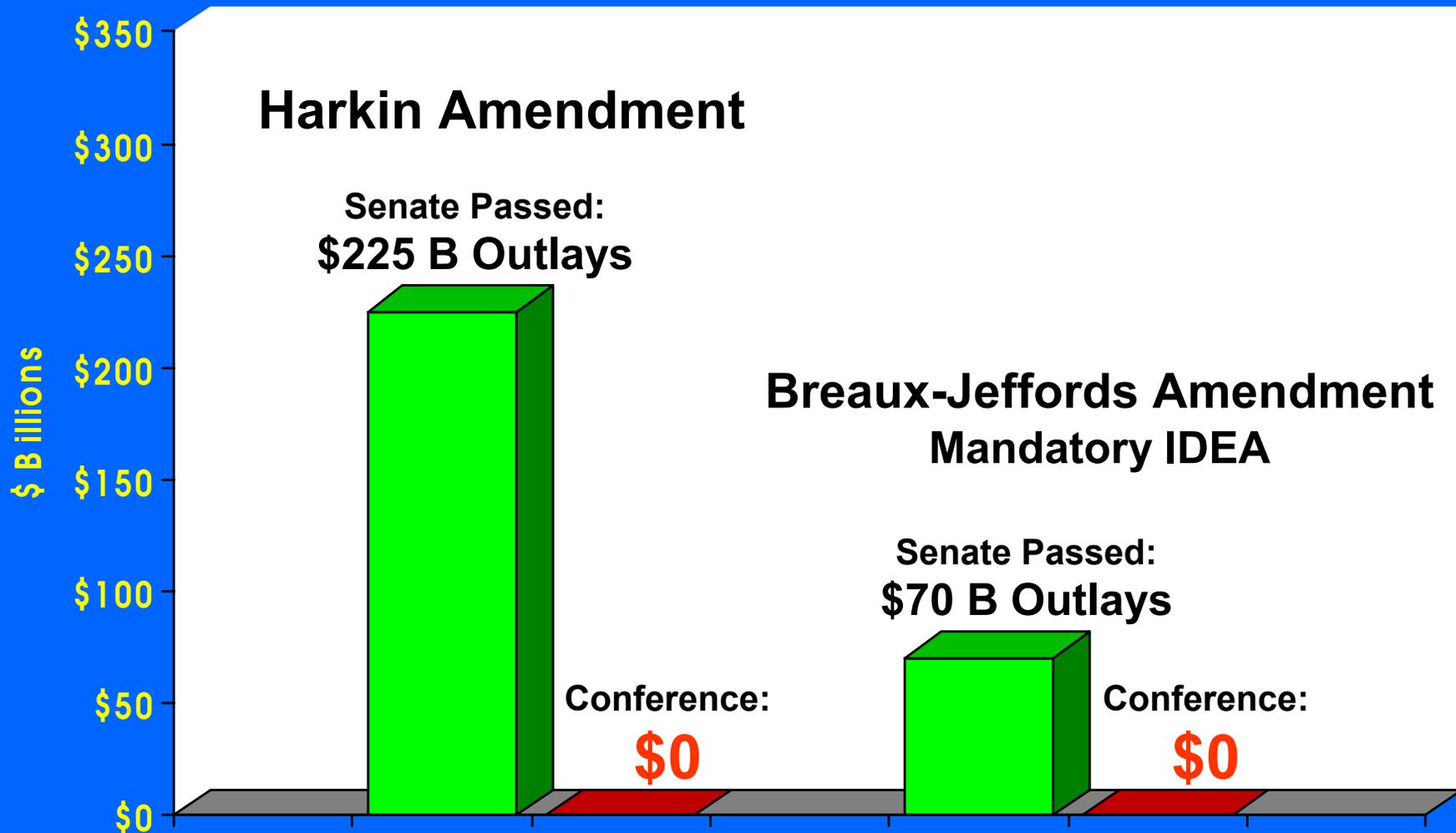
Final Conference Agreement on FY 2002 Budget Resolution

(\$ billions)	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	5-yr	10-yr
CBO on-budget surplus	125	142	171	196	212	267	316	359	417	484	558	987	3,122
Medicare HI trust fund	29	36	39	41	40	44	41	41	39	37	34	200	393
Surplus available	96	106	132	155	172	223	275	318	377	447	524	788	2,729
<u>Conference assumptions</u>													
Tax cuts	0	50	76	84	97	138	141	153	166	171	191	446	1,269
Economic stimulus	85	15	0	15	15								
Prescription drugs	0	0	0	10	21	28	39	44	47	52	58	59	300
Agriculture	6	7	8	8	8	8	8	7	6	6	6	40	74
Defense	2	5	4	20	40								
Nondefense	1	-3	-5	-5	-6	-6	-6	-6	-6	-7	-7	-25	-56
Other spending	0	12	17	11	5	3	8	8	7	8	8	48	87
Interest	<u>2</u>	<u>7</u>	<u>12</u>	<u>19</u>	<u>26</u>	<u>36</u>	<u>48</u>	<u>62</u>	<u>78</u>	<u>95</u>	<u>114</u>	<u>101</u>	<u>498</u>
Total changes	95	94	113	131	156	210	242	272	303	329	375	705	2,225
Surplus in budget	1	12	19	24	16	13	33	46	75	118	149	83	504

Final Conference Agreement Threatens Social Security and Medicare

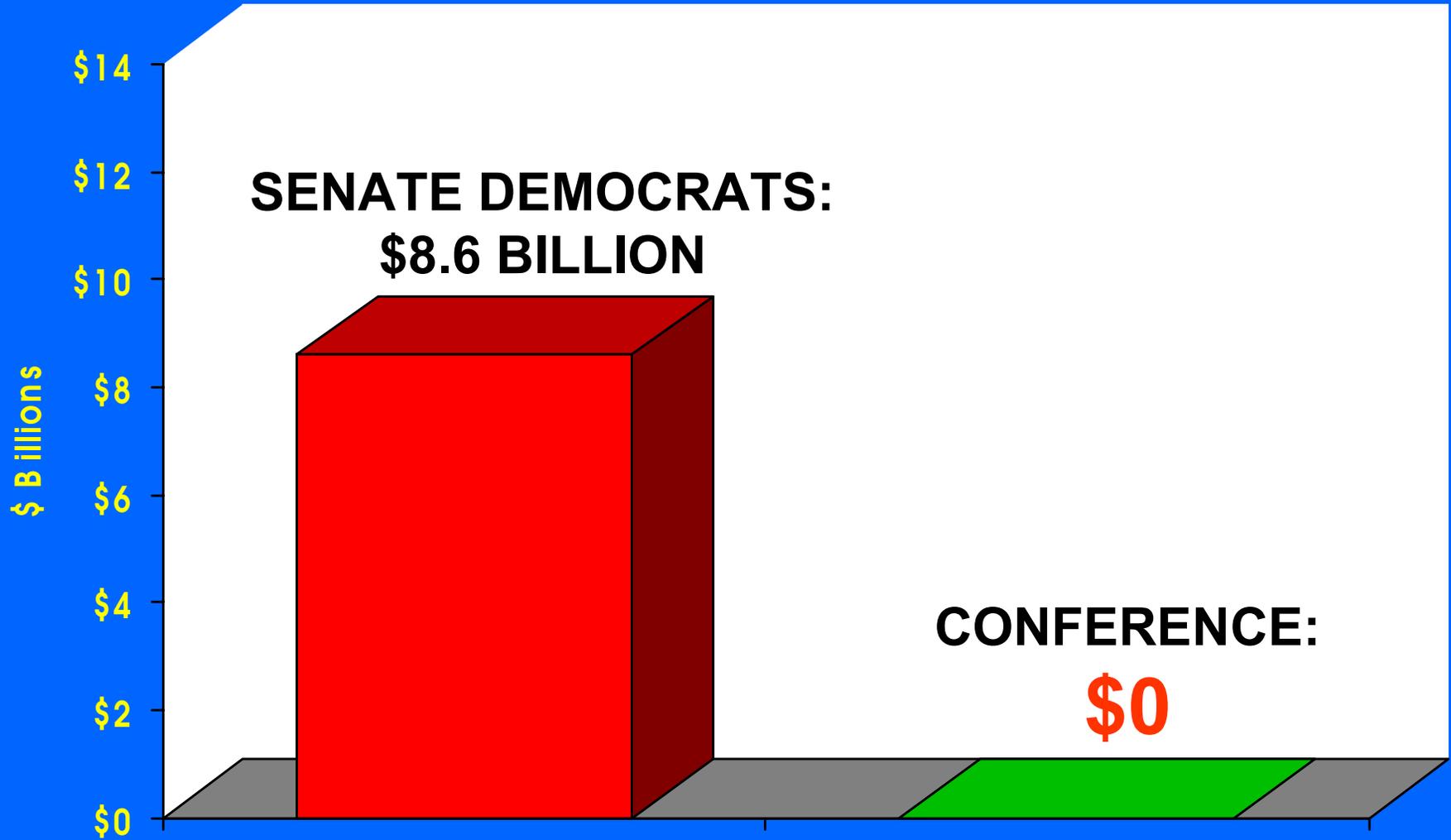
(\$ billions)	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	5-yr	10-yr
Surplus in FY 2002 Budget	1	12	19	24	16	13	33	46	75	118	149	83	504
Alternative Minimum Tax	0	1	4	7	13	21	37	43	49	56	63	46	292
Defense	0	7	21	28	32	34	35	36	37	39	40	121	308
IDEA (S. 1)	0	0	6	10	13	15	18	20	21	22	23	44	149
Interest on changes	0	0	1	3	6	10	15	21	28	35	44	21	164
Revised surplus/deficit	1	4	-12	-24	-48	-67	-72	-74	-61	-34	-20	-148	-409
Raid on Medicare	0	0	-12	-24	-40	-44	-41	-41	-39	-34	-20	-120	-295
Raid on Social Security	0	0	0	0	-8	-23	-30	-33	-21	0	0	-32	-117

BUDGET RESOLUTION CONFERENCE REJECTS SENATE EDUCATION AMENDMENTS



Budget Fails to Make Investments in Elementary and Secondary Education Act (ESEA)

(Budget Authority increases over CBO FY 2002 Baseline)



Comparison of Bush, Democratic, Senate Passed, and Budget Conference Budgets (Fiscal Years 2002 through 2011)

	Bush Budget	Democratic Alternative	Senate Passed	Conference
Projected Surplus	5.6 T	5.6 T	5.6 T	5.6 T
• Social Security Trust Fund (for debt paydown) *	2.0 T	2.5 T	2.5 T	2.5 T
• Medicare Trust Fund (for debt paydown) *	<u>0</u>	<u>0.4 T</u>	<u>0.4 T**</u>	<u>0.4 T</u>
Projected Available Surplus	3.6 T	2.7 T	2.7 T	2.7 T
Tax Cuts	1.6 T	745 B	1.2 T	1.3 T
High Priority Needs	212 B	744 B	849 B	459 B
• Education	13 B	139 B	308 B	0
• Prescription Drugs	153 B	311 B	300 B	300 B
• Defense	62 B	100 B	69 B	40 B
• Agriculture	- 1 B	88 B	58 B	74 B
• Health Coverage	0	80 B	36 B	35 B
• Other	33 B	8 B	119 B	10 B
Strengthen Social Security				
• Using Social Security Trust Fund Surplus	600 B	0	0	0
• Using non-Social Security, non-Medicare Surplus	0	750B	0	0
Interest	461 B	490 B	572 B	498 B
Unallocated	845 B ***	0	129 B	504 B

* Because these trust funds are not needed in short term to pay benefits, these amounts are used to pay down publicly-held debt

** Senate passed GOP resolution raids Medicare Trust Fund in 2002, 2005, 2006, 2007

*** Includes \$526 B from Medicare Trust Fund (OMB scoring)

Final Spending Totals and Rates of Growth in the FY 2002 Budget Resolution Conference Agreement

(Outlays; \$ billions)	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2002-11	Avg. Growth 2001-11
Total Spending	1,948	1,967	2,021	2,103	2,196	2,256	2,344	2,439	2,533	2,634	2,742	23,233	3.5%
Discretionary	647	683	707	726	746	762	778	800	820	840	861	7,722	2.9%
Mandatory	1,094	1,097	1,138	1,217	1,307	1,368	1,457	1,550	1,645	1,749	1,861	14,391	5.5%
Social Security	430	452	474	498	523	550	578	608	642	679	719	5,721	5.3%
Medicare	214	226	241	268	302	322	360	389	419	454	492	3,474	8.7%
Income Security	213	226	235	245	258	265	271	284	294	303	313	2,694	3.9%
Medicaid and health	139	159	181	194	200	215	233	253	274	298	324	2,331	8.8%
Agriculture	24	20	20	20	20	18	17	15	15	14	14	173	-5.4%
Interest	207	187	175	161	142	126	109	89	68	44	19	1,120	-21.3%

Note: Increases between 2001 and 2002 are measured from the levels for FY 2001 assumed in the FY 2002 Conference Agreement on the Budget Resolution.
SBC Democratic staff

04-May-01