



CENTER ON BUDGET AND POLICY PRIORITIES

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STATEMENT BY ROBERT GREENSTEIN EXECUTIVE DIRECTOR OF THE CENTER ON BUDGET AND POLICY PRIORITIES, ON THE BUDGET RESOLUTION CONFERENCE AGREEMENT

Rather than produce a balanced plan to reduce the deficit, House and Senate Republican negotiators have reached an agreement on a budget that *increases* the deficit and pairs more tax cuts for the wealthiest Americans with cuts in programs for the neediest and most vulnerable of our citizens.

The new budget cuts domestic programs in the name of deficit reduction. But it includes more tax cuts heavily oriented toward those with the highest incomes, as well as further increases in defense spending. As a result, deficits would increase by \$168 billion over the next five years, compared with the deficits the Congressional Budget Office says will occur if there are no changes in current policies. This budget digs the deficit hole deeper and passes more debt on to future generations, while using budget cuts aimed at the poor and vulnerable to help finance tax breaks for the well-off and the well-connected.

The budget plan includes \$35 billion in reconciled cuts in “mandatory programs,” of which a significant portion would come from programs for those in need, such as Medicaid, which provides health care for poor families and individuals, and the Food Stamp Program. A sizable portion of the budget’s \$212 billion in cuts over five years in funding for domestic discretionary (i.e., non-entitlement) programs also would be likely to come from programs that serve those with low incomes.

Alongside these budget cuts, the budget plan apparently includes tax cuts of more than \$100 billion over five years (of which \$70 billion would be reconciled), including a two-year extension of cuts in taxes on capital gains and dividends that are set to expire in 2008. The Urban-Brookings Tax Policy Center reports that the majority — 53 percent — of the benefits from the dividend and capital gains tax cuts are going to households that make more than \$1 million a year. These households constitute roughly one in every 430 (0.2 percent) of the country's households.

Sad to say, the country would be better off with no budget plan than with this one. Without it, deficits would be lower, and cuts in programs for the needy wouldn’t be imposed to pay for more tax cuts for the wealthiest.