



Senator Feinstein Opposes Budget as Fiscally Irresponsible

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Washington, DC – U.S. Senator Dianne Feinstein (D-Calif.) today opposed the FY2007 Budget, charging that it would lead the nation further down a path of “fiscal irresponsibility.” The following is a statement entered into the Congressional Record by Senator Feinstein in opposition to the Budget:

“Mr. President, I rise to oppose this budget. This Administration has chosen to continue down an unsustainable economic path. They have put forth an irresponsible budget that does not take constructive steps toward righting our nation’s fiscal course. I strongly urge my Senate colleagues not to follow suit.

Our nation is going in the wrong direction. The signals grow more evident each day.

Deficits are at record levels. The debt is reaching astronomic heights. And we have fewer resources available for important domestic programs.

Under President Clinton, we had four years of budget surplus. And, when he left office, we had a projected 10-year surplus of \$5.6 trillion.

But the economic policies of the past 5 years have produced a catastrophic turnaround. Record budget surpluses have given way to record deficits—projected at \$1.6 trillion over the next decade. And the debt is projected to exceed \$11 trillion.

This budget resolution assumes that the deficit will decline from \$359 billion in FY 2007 to \$177 billion in FY 2011. Unfortunately, these numbers don’t tell the whole story.

This is a 5-year budget. This clouds the full impact of the Administration’s policies. The debt and deficit are set to explode in the out years—the end of the 10-year window. And, this does not even include the costs of ongoing military operations in Iraq and Afghanistan beyond 2007 and reforming the Alternative Minimum Tax beyond 2006.

When all costs are included, this budget proposal will contribute \$1.14 trillion to the federal budget deficit over the next five years.

In this year alone, our national debt is slated to increase by \$654 billion. This is a far cry from the President’s goals for deficit reduction, and deeply troubling to those of us who value fiscal responsibility.

As a result, we are now again confronted with raising the nation's debt limit. The increase—from \$8.2 trillion to roughly \$9 trillion—will be the fourth major hike in the last five years.

In 2000, our national debt was at \$5.8 trillion. Today, this figure stands at \$8.27 trillion. And, at this rate, with all costs included, debt will more than double to \$12 trillion in 2011.

Additionally, more and more of our debt is being held in foreign hands. We now owe Japan \$685 billion and China over \$250 billion. It took 42 Presidents 224 years to run up \$1 trillion of foreign held debt. In only five years, President Bush has more than doubled that amount.

Contrast this with the last 3 years of the Clinton Administration, where we paid off more than \$200 billion in debt to foreign countries.

These staggering figures represent a great burden for future generations who will have to pay the bill. They also keep interest rates high, limit economic growth, and slow job creation.

This President has the worst record of private sector job growth since Herbert Hoover. And the jobs that are created are largely minimum wage and temporary work. Americans are working harder, for less money. Average household income for working families decreased by \$1,669 between 2000 and 2005 (when adjusted for inflation).

By almost every indicator, American families are facing tough times:

- Housing affordability, a big problem in California, is at a 14-year low;
- Health care costs are up 50 percent since 2000;
- Gas prices are up 60 percent;
- College costs at public universities are up 57 percent;
- 45 million people are going without health care, including 6.6 million in California; and
- 37 million Americans are living in poverty, a number that has increased each year under this Administration (U.S. Census Bureau).

You'd think that this budget would attempt to provide relief for most Americans. Instead middle-class families are asked to do more with less.

At the same time, the President is proposing to make tax breaks permanent for the wealthiest Americans— at a cost of \$1.3 trillion over the next decade. And, when you combine the cost of the tax cuts with costs of war in Iraq—currently totaling \$370 billion—the inevitable result is that critical domestic programs are squeezed.

The budget before the Senate today reflects these constraints by:

- Cutting Food stamps, by \$272 million;
- Cutting Food assistance for seniors and children, by \$111 million;
- Reducing the effectiveness of our police officers in cutting COPS by more than \$407 million (15,000 officers nationwide);
- Cutting \$244 million from firefighter grants;
- Failing to reimburse state and local governments for the federal responsibilities in paying for the incarceration of illegal immigrants;

- Cutting funding for 18 of the 19 National Institutes of Health, including those conducting research on cancer and heart disease;
- And, No Child Left Behind, the President's signature education program, would be underfunded this year by more than \$15 billion and \$55.78 billion since it was enacted.

These are vital priorities that must be funded.

Because of record federal deficits and debt, money that could have been available for education, healthcare, defense, infrastructure, job development, and homeland security, must now go to interest payments.

In 2006, interest costs alone on the national debt will total nearly \$400 billion. And, this figure will grow to nearly \$600 billion over the next 5 years. Total non-defense discretionary spending—\$416 billion in this budget—is only modestly larger than this interest payment.

This could have been prevented. The Congressional Budget Office estimated that last year, economic problems caused only about 8 percent of the deficit. The rest resulted from policy choices by Congress and this Administration—largely tax cuts for the wealthiest among us.

The time has come to chart a different course, and make the tough choices that the President and this resolution avoid. We must adopt a balanced approach to both taxes and spending and return to a program of fiscal sanity.

When I first came to the Senate, over a decade ago, a small, bipartisan group decided to get our fiscal house in order.

- Democrats worked to bring spending under control.
- And Republicans pledged not to push for additional tax cuts.

I have no problem holding the line on spending, but believe that it must be done in the context of a more responsible approach to tax policy.

We must consider rolling back the tax cut for the wealthiest Americans, to bring the income tax rate from its current 35 percent back to 38.6 percent.

This will affect those earning more than \$312,000 per year—less than one percent of taxpayers—but will save nearly \$130 billion over the next decade.

Finally, we need to work together to begin addressing some of the deeper structural problems with Social Security and Medicare—before these programs fall into crisis.

These are not easy answers. But, we must change the direction in which this nation is moving. We cannot afford to continue down this path of fiscal irresponsibility. Americans work hard to balance their checkbooks and live within their budgets. They deserve a government willing to do the same.

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