

**STATEMENT BY REPRESENTATIVE BARON HILL (IN-9) ON THE  
FISCAL YEAR 2002 BUDGET RESOLUTION**

*House of Representatives Budget Committee, March 8, 2001*

The annual Budget Resolution is Congress' opportunity to present to the American taxpayers its version of the "big picture." It is the moment when Congress looks at all the competing interests in our nation and our federal government and decides what is really important.

Without a budget framework, we politicians can remain detached from financial realities and promise everything to everybody. The budget resolution forces us to make the difficult choices we always have to make when there are not enough resources to satisfy everybody's needs. It requires us to acknowledge that governing involves tough choices. We politicians do not like saying no to anybody, but it is part of our job. I commend all of the members of this committee for the hard work they do to produce the budget resolution. I look forward to studying this committee's view of the "big picture."

Unfortunately, the leadership of the House of Representatives appears to have decided that it would rather put off the tough choices for a later time. They have decided to eat their dessert before their dinner. This week they are sending to the House floor a bill involving almost one trillion dollars of current and projected future tax revenues, but have not shown the American people how this bill will affect our other priorities, such as eliminating the marriage penalty and the estate tax, protecting the surpluses in the Social Security and Medicare HI Trust Funds, and paying down the national debt.

Politics always has been and always will be part of the budget process, but unfortunately it looks as though this year politics has completely replaced the budget process. The leaders of the House have decided to go out and buy a fancy new car without first figuring out if they can afford one. Responsible American businesses and families would never do what House leaders are doing this week. I urge them to restore "regular order" to our budget process and allow your committee to do its important work.

President Bush has acted more responsibly. He sent us his budget framework just one month after he took office. The President's "Blueprint for New Beginnings" is a very admirable first effort at laying out the new Administration's budget priorities. Although I can find places in President Bush's 200-page document where I disagree with him and see places where we will have to produce more details in a later budget submission, I share most of President Bush's priorities. I believe the federal government should give Americans significant tax relief, it should continue paying off the national debt, it should take steps to strengthen the Social Security and Medicare programs, and it should commit more resources to important national priorities such as our armed forces and our schools.

I believe this year's budget framework should commit to both short-term and long-term tax relief. We can help today's families and businesses by devoting some of our budget surpluses to tax cuts, and we can help our children's families and businesses by devoting a significant amount of our surpluses to paying down the national debt. Paying off the national debt helps lower long-term interest rates and eliminates the billions of dollars the government spends every year to service the debt.

I support the Blue Dog Democrats' "50-25-25" budget plan, which makes a greater commitment to debt reduction than President Bush's budget. It reserves all of the Social Security and Medicare HI Trust Funds for debt reduction, and devotes one-half of all remaining surpluses to debt reduction. As USA Today pointed out in a March 2<sup>nd</sup> editorial, President Bush's budget would slow down debt repayment by \$590 billion over the next five years.

This year's budget framework should also recognize the uncertain nature of ten-year budget estimates. In its most recent budget outlook, the Congressional Budget Office (CBO) offered a harsh critique of its own estimates. It projected that its fiscal year 2002 surplus estimate has a 50% chance of being wrong by more than \$97 billion and that its 2006 estimate has a 50% chance of being off by more than \$245 billion. It also said its estimates for the sixth through the tenth years are likely to be even more inaccurate.

Our budget framework should acknowledge that the projected \$5.6 trillion ten-year surplus is a highly speculative forecast and is likely to be wrong. It should take into account that two-thirds of the projected surplus (\$3.68 trillion) would occur in the second five years, the period for which CBO admits it can do little more than guess what will happen to our economy and our budget. (See attached chart)

I believe your committee and all members of Congress should not act as if the projected surpluses are already in the bank. We should create a budget framework that commits the budget surpluses that materialize over the next ten years to our important priorities, but does not lock us in to policies that depend on speculative ten-year budget estimates. Writing a budget this year that depends on revenue that we may or may not have in future years is not responsible fiscal policy and risks taking us back to the era of deficit spending and accumulating national debt.