

magazine

Nunes

A publication by Congressman Devin Nunes

Paying the nation's bills and

seeing red

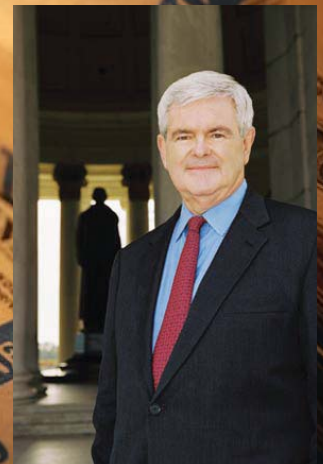
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Winter 2008

Welcome



Inaugural Issue



Rep. Devin Nunes
www.nunes.house.gov

Dear Subscriber:

Thank you for your interest in my work in Congress. As your Representative in the United States House of Representatives, I believe an important part of my job is to provide taxpayers and voters the information they need to make informed decisions. To that end, I have produced this new magazine and will make it a quarterly publication.

I hope you find the *Nunes Magazine* informative, and I invite you to send your comments or suggestions to me for the improvement of future editions. I also welcome the opportunity to serve you. If you are having difficulties with a federal agency or have questions about my work in Congress, please call or write. All of the information you need to reach me is found on this page.

Finally, I hope you will take a moment to browse my website. Information will be posted online regularly, including electronic editions of my quarterly magazine and programming from my video series, the *Washington Report*.

Thanks again for your interest.

A handwritten signature in blue ink that reads "Devin Nunes".

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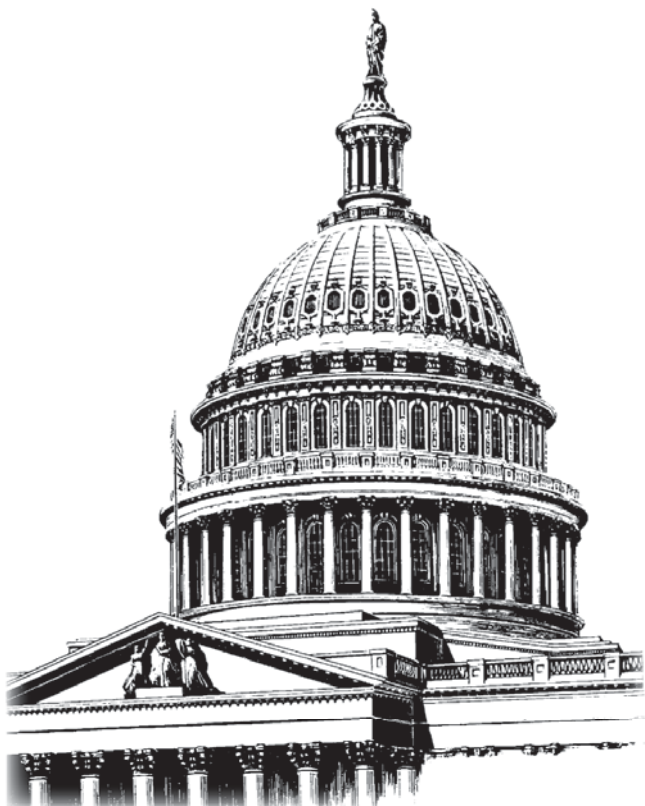
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Paying the nation's bills and **seeing red**

Taxpayers across America are preparing to file their 2007 tax returns. Many are finding that they owe the federal government money and even more are questioning whether or not the growth in federal spending, which reached \$2.6 trillion in 2007, is in our national interest. The threat of tax increases and economic insecurity have resulted in a tightening of belts across America, but not in Washington. As a result, many Americans have come to believe that the current budget process has failed to provide the long-term financial security our nation needs.

Ultimately, since taxpayers are stuck with the bill, it is important for the public to understand where our money is spent and what long-term projections tell us about budget priorities.

THE BUDGET

The budget is as real as our spending discipline

The budget process begins each year with the president submitting a proposed spending plan to Congress. This is basically a detailed explanation of where various components of our government are seeking to spend money. The president's budget for 2009 proposes \$3.1 trillion in overall spending.

The House of Representatives and Senate then create a budget outline which includes funding for all federal agencies. This outline is written in the form of a non-binding Congressional Resolution, which must be accepted by both Houses in Congress. The final plan, our national bud-

get, represents a guide for spending throughout the year.

A financial tsunami

As previously mentioned, our government spent approximately \$2.6 trillion in 2007. This is the equivalent value of 20% of all products and services exchanged during the year in our country.

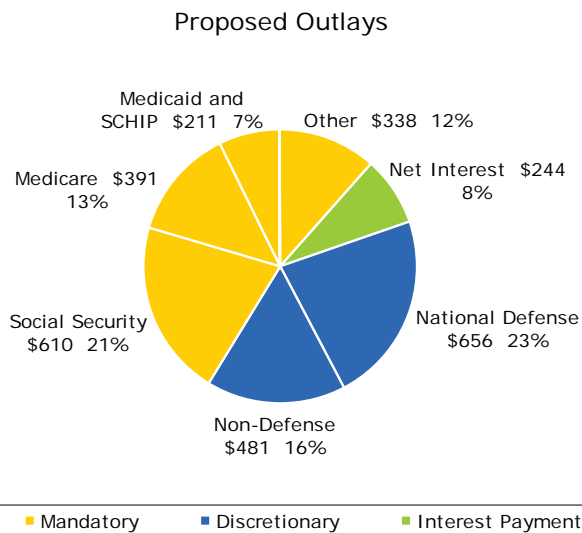
While this figure, a historic high, is alarming to many Americans, the future of government spending is far more problematic. For more than a decade, Congress has received alarming reports from the Social Security Trustees as well as various governmental watch-dog groups concerning the unsustainable growth in spending among mandatory programs. These programs are consuming larger portions of the nation's budget every year. By way of example, in 1966, 26% of all federal spending was associated with mandatory programs. Today, more than half of our budget is consumed by such programs.

Mandatory programs are also known as entitlement programs, and include Social Security, Medicare, and Medicaid. Entitlement programs essentially fulfill the government's promise to certain groups of Americans and are automatically part of the annual budget. These programs represent the bulk of our looming financial problems.

MEDICARE INSOLVENCY

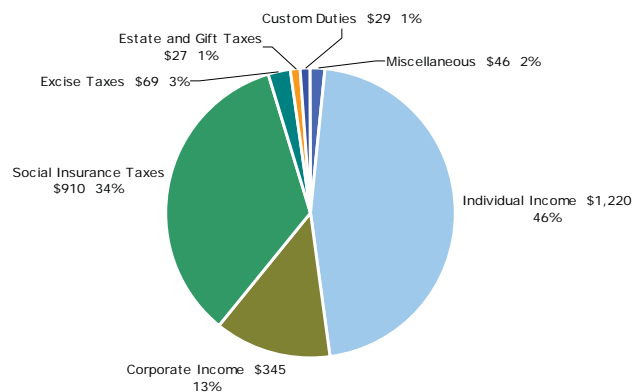
Program struggles but dominates market

By way of example, the Medicare program suffers from a number of significant shortfalls. Due to its size and market



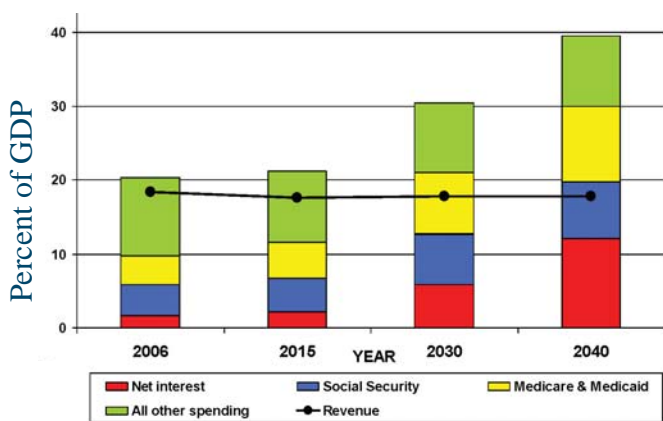
Fiscal 2009 Revenue Estimates

\$2.7 Trillion
-\$125 billion for stimulus package not graphed



dominance, problems in the Medicare system contribute to instability in our overall national health care system.

Federal Spending

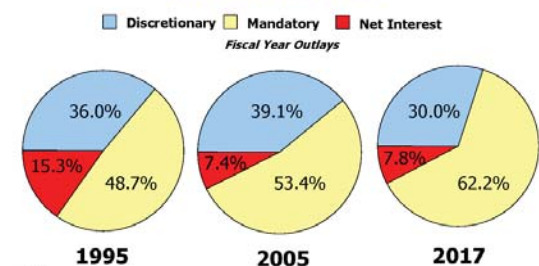


What has become clear is that the Medicare bureaucracy is slow to react to changing health care needs and struggles with payment policies. Medicare pays windfall sums for some services and providers while underpaying others. Perhaps most troubling to many concerned with the budget, Medicare has failed to deliver market efficiencies necessary for long-term sustainability. As a result, absent reforms, the program is soon to become a financial ruin.

Growing larger vs. getting smaller

Medicare is facing a growing number of retirees. This is sharply contrasted by a shrinking American workforce. Since payroll taxes are responsible for funding the hospital insurance benefit under Medicare, the program is dependent on a favorable ratio between retirees and working Americans. When there are large numbers of taxpayers supporting a relatively small number of retirees the program works. However, as this ratio changes the Medicare program will not draw enough tax support to pay for promised benefits.

Mandatory Spending Growth, 1995, 2005, 2017



Projections are CBO Baseline adjusted to continue 2001 and 2003 tax relief, and assume no supplemental appropriations beyond those already enacted. Prepared by the House Committee on the Budget.

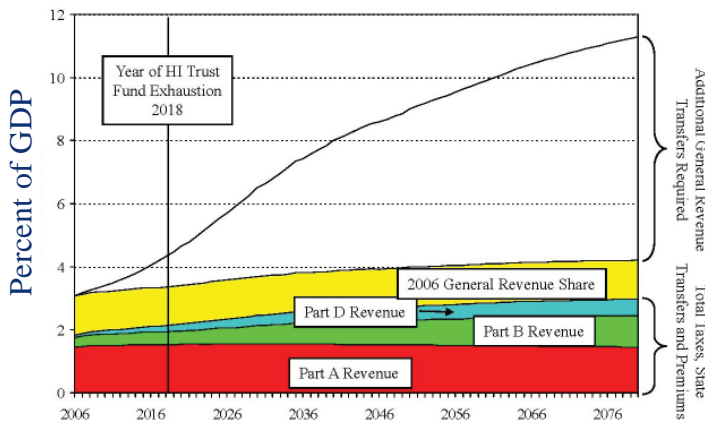
Medicare is also suffering financially as a result of enormous medical progress that has not been matched in Medicare by quality and efficiency improvements that are necessary to control costs. Indeed, federal management of the benefit has completely failed to achieve cost effective care and has instead driven growth in complexity and inefficiency throughout our nation's health care system.

The fact that Medicare could become bankrupt shocks many Americans who believe that Medicare taxes are

somehow set aside for future health care needs. However, the truth is that money has never been set aside.

Furthermore, a significant amount of Medicare costs will fall outside of the original hospital benefit. For example, medical office visits and prescription drug coverage were not part of the original Medicare program and are not financed by Medicare payroll taxes. General tax revenues are used to pay for the vast majority of these costs along with relatively modest contributions by seniors.

Medicare Spending



Decision making

Medicare’s Hospital Insurance Trust Fund, the account associated with Medicare taxes, is projected to have shortfalls beginning in 2018. If Congress fails to make changes to the program before that date, our government will be forced to either raise taxes or cut spending on other programs to cover Medicare costs. As already noted, the funding available in other programs to transfer to Medicare will be limited because mandatory programs are consuming larger portions of our overall budget.

SOCIAL SECURITY

Another program facing financial crisis is Social Security. This important program provides retirement, disability, and survivor benefits to qualifying workers and their families. Through payroll taxes, benefits are funded from two trust funds: the Old-Age and Survivors Insurance (OASI) trust fund and the Disability Insurance (DI) trust fund.

Social Security was designed in 1935 and, like Medicare, is a “pay-as-you-go” system. Benefits paid to current retirees come directly from the payroll taxes of current workers.

What about surpluses?

Social Security and Medicare both operate through Trust Funds associated with payroll taxes. In the past, tax collections have exceeded what was necessary to provide

benefits. The Social Security program, for example, has enjoyed significant surpluses. However, there are no savings in any of our entitlement programs to reflect these surpluses. This is because the government saves through Treasury bonds.

Government savings = Treasury bonds = debt

Ironically the only mechanism available for saving by Social Security and other government programs is the purchase of Treasury bonds. The federal government does not invest in private markets, and reforms that would establish real savings have been rebuffed by anti-reform activists.

While there is nothing wrong with Treasury bonds as part of a diverse investment plan, it becomes problematic when the federal government purchases them and defines them as “savings.” The reason is obvious. The only way to redeem a Treasury bond held in “savings” by a government program is for the government to buy the bond back from itself. This would require funding from our nation’s general tax revenues. With these funds already being consumed by entitlement programs, as well as essential government services, it will become very difficult to sustain the benefits so many Americans have come to rely upon.

It only gets more difficult

By 2017, Social Security will begin paying out more in benefits than it collects in payroll taxes. At that point in time, the government will have to decide between benefit cuts to seniors or massive tax increases.

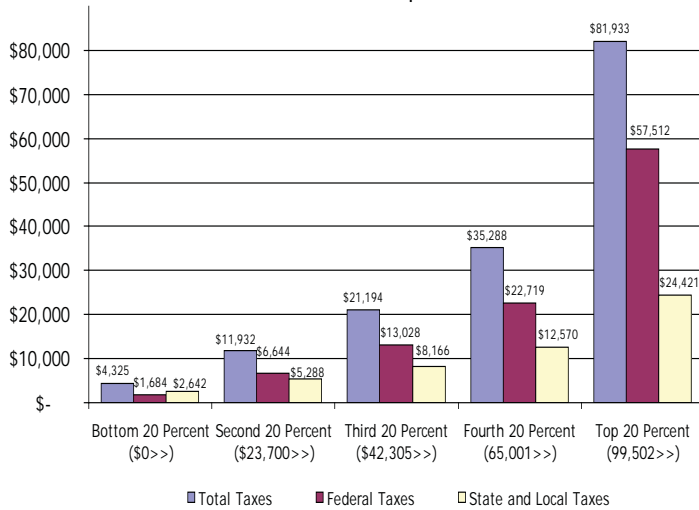
The longer we wait to address the coming crisis, the more difficult and expensive the job will be; the latest trustees’ report shows that each year we wait will add roughly \$600 billion to the cost of permanently fixing Social Security. This is adding to a projected \$10 trillion dollar shortfall.

WHERE THE MONEY COMES FROM

Tax day is a good time to consider the future of our nation’s finances, particularly if you are one of millions of unlucky taxpayers forced to send more money to Washington to help pay for our growing government.

With a budget crisis looming, some politicians have once again begun to suggest that our nation needs more money for federal programs. In doing so, these officials reject the notion that federal spending is out of control and instead embrace what is clearly a dangerous and economically perilous level of government spending.

Average Dollars of Taxes Paid by Households in Each Income Group in 2004



It's not fair

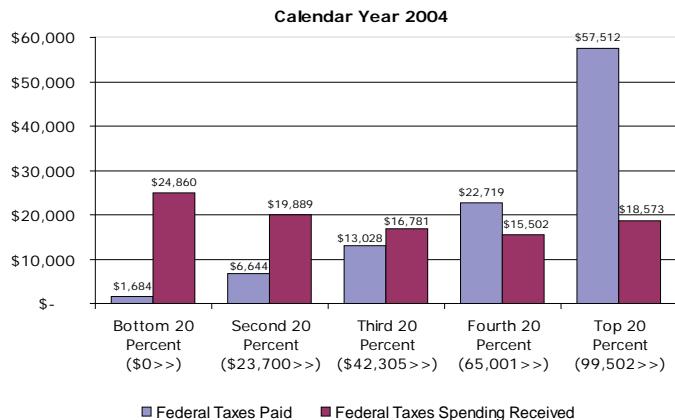
On April 15, the Internal Revenue Service (IRS) demands payment from Americans who, for one reason or another, did not pay enough tax during the year. Determining whether you owe Uncle Sam or if he owes you is an annual ritual that focuses our national attention on who is paying taxes and whether the overall burden is too large.

Tax day often drives many Americans to question whether wealthy taxpayers are paying their "fair share." Indeed, the distribution of the tax burden is an important subject for debate. However, it is important to understand some basic facts about who funds our government before making conclusions about what represents fair tax policy.

Who pays 70% of our nation's bills?

Many may be surprised to learn that over 70% of the income taxes collected by the federal government come from the top 10% of income earners. In 2005, you were deemed part of the top 10% if you earned over \$100,000 a year. At the same time, and in sharp contrast, more than 42 million low-income Americans owed no taxes af-

Some Households Received More Federal Government Spending Than They Paid in Federal Taxes, and Some Received Less



ter credits and deductions and many received tax refund payments from the government that exceeded the taxes they actually paid.

For further perspective, let's quickly review the historical tax burden for top and bottom income earners. In 1952, the nation's top earners had to pay 92% of their income to the federal government; while the bottom earners paid 22%.

In comparison, today top earners pay 35% of their income to the federal government; while the bottom earners pay only 10% -- if they actually owe taxes after credits and deductions. This tax reduction would appear to benefit the rich at the expense of the poor. Indeed, liberal activists make this claim whenever Congress considers across the board tax cuts. However, an objective examination of the evidence shows that despite lowering taxes paid by wealthy Americans from 92% to 35%, top earners now pay an even larger share of our nation's bills. At the same time, lower income Americans are sharing less of the burden when compared with 1952 tax law. Indeed, more than 50% less.

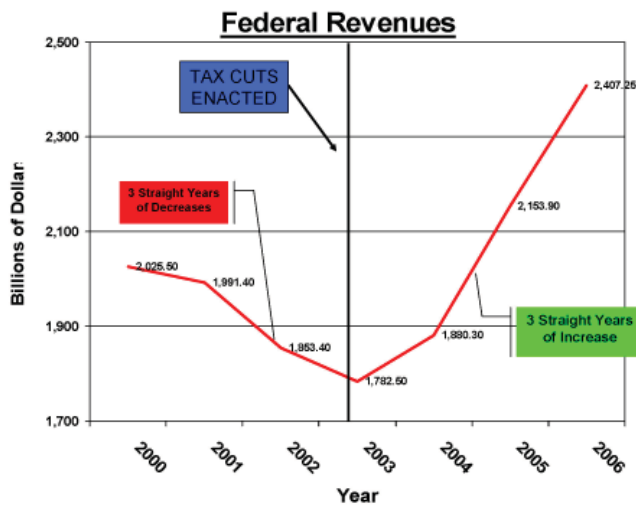
In 2005, more than 42 million low-income Americans owed no taxes after credits and deductions. In contrast, the taxes collected from Americans with incomes exceeding \$100,000 represented 70% of the total.

What is fair?

This leads us to the question of "fair share." Is it fair for 10% of our citizens to pay 70% of our bills? Some argue that it is fair. Others believe that the wealthy should pay even more, citing poverty and wealth consolidation. The problem with determining an objective definition of "fair share" is that it is largely a philosophical exercise. Someone will always complain that a tax is unfair.

CUT TAXES

History shows us our economy benefits from lower taxes. Furthermore, a growing economy means more government revenue. Major tax cuts in the 1980s and 1960s resulted in faster economic growth and job creation as well as higher incomes for Americans. The 2003 tax cuts are credited with improving our nation's economic outlook and fostered the longest sustained period of uninterrupted job growth in our history. Furthermore, as mentioned earlier, past tax reductions have resulted in the rich paying more of the overall tax burden.



Prepared by the Republican Staff of the House Budget Committee.

BUDGET CONSEQUENCES: DEFICIT & DEBT

A balanced budget is a reflection of government expenditures that match government revenues. When governments spend more than they receive in taxes in a given year, the budget goes into deficit.

A deficit is literally the red ink, the amount by which the government has outspent its receipts on a given year. If a budget goes into deficit in a certain year, the only way to cover for the expenses is to borrow money, which the government does by issuing Treasury bonds.

Government debt is a different concept from the deficit, although both are related. If the government accumulates deficits over the years, and therefore borrows repeatedly to cover its spending, national borrowing accumulates. This sum of all previous years' red ink is what is known as the national debt. When you have a deficit year, the debt grows by the amount of that deficit. When there is a surplus year, the debt shrinks by that amount, as the extra money is used to pay off previous debt.

What are the figures for the U.S.?

The United States' national debt currently registers at just over \$9 trillion, a record number in absolute terms. The Debt-to-Gross Domestic Product (GDP) ratio for the United States has reached an uncomfortable level of 64%, which is above the historic average.

Although the current levels of our national debt may seem unsettling, the real challenge that it poses to us lies not in its present size, but in debt forecasts. With disproportionate increases in government expenditure projected for the next ten years, the debt is set to expand exponentially.

In short, we are spending too much money today but nothing compared to what is coming. The financial tsunami associated with entitlement programs will dwarf current deficits and are a significant threat to our nation's long-term economic security.

CONCLUDING THOUGHTS

If we value our retirement security programs, we must act to protect them from bankruptcy. Congress will soon have to make significant changes to mandatory spending programs or we will risk our nation's financial health as well as the long term availability of important government services.

Some have claimed that any action related to Social Security or Medicare short of preserving the status quo is "off the table." They have backed up this demand with parliamentary tactics in the Senate and have held reforms hostage. In doing so, these legislators and their supporters are ignoring facts in favor of a cynical political agenda.

They have tried to convince the American public that kind-hearted politicians and well trained bureaucrats have everything under control in Washington.

The resistance of Democrat leaders to reform has been well documented. In 2005, then Minority Leader Nancy Pelosi (D-CA) preconditioned talks about changes to Social Security on the willingness of Republicans to end discussion of what is arguably the most important component of the debate.

Specifically, Pelosi and her supporters objected to Republican efforts that would have extended to all Americans the same retirement options available to federal employees.

The Republican proposal would have allowed workers to save a portion of their Social Security taxes in a government managed investment account. Eventually, workers would be able to draw retirement benefits from these accounts, resulting in income that would significantly exceed benefits under the current system.

Had the reform plan been adopted, seniors would have been promised the greater value of either the benefits earned under the old Social Security system or those saved under the proposed retirement account option. This would allow workers to transition to the new program

with full confidence in the promise of Social Security.

Protecting the facade

Despite what you may hear in the mainstream media, there are many reform proposals on the table to address the challenges associated with mandatory spending programs. Unfortunately, none of the them have received the support of Democrat leaders in Congress.

How can some of our elected representatives ignore the crisis we are facing? To begin, many of them reject the notion that we face a crisis at all. Liberals have spent decades building the facade that government spending and retirement security go hand-in-hand. In doing so, they have tried to convince the American public that kind-hearted politicians and well trained bureaucrats have everything under control in Washington.

As has been demonstrated in this short examination of federal spending, everything is clearly not under control. Every day, seniors across America struggle with the complexity of government programs. Faceless and largely unaccountable bureaucrats have driven countless beneficiaries to the point of desperation. Some seek help in Congressional offices, others are falling through the cracks.

In addition, those charged with delivering health care services to vulnerable populations are too often forced

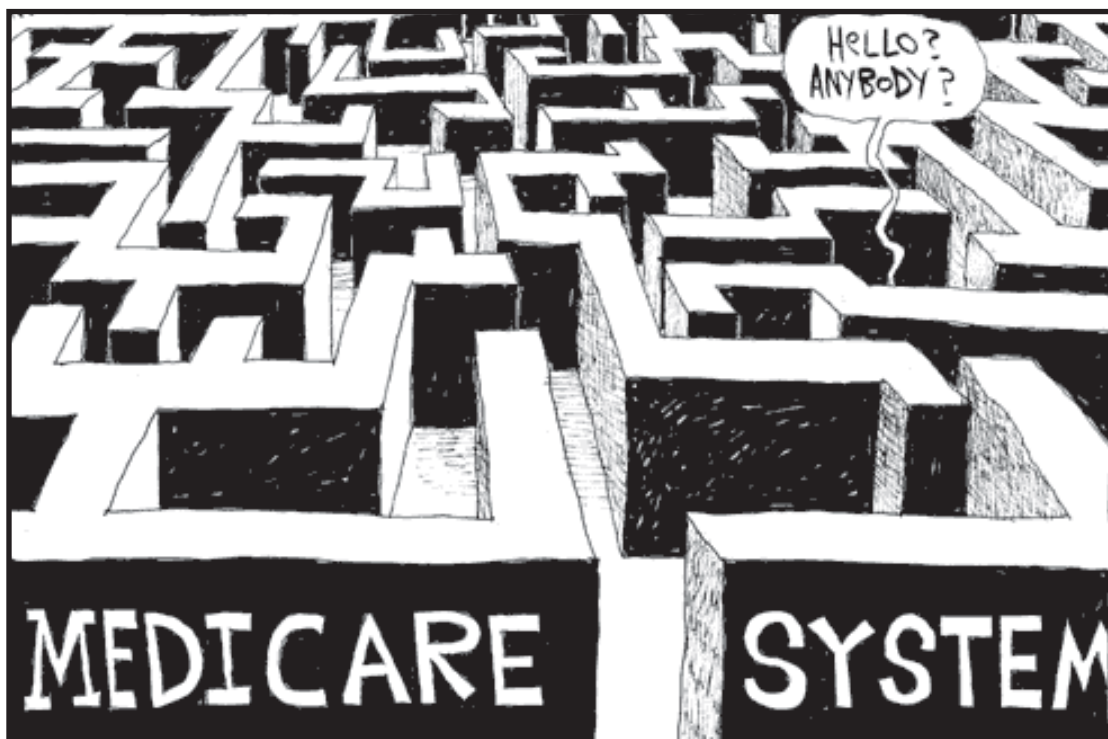
to practice medicine based on coverage policies that are out of line with the accepted medical practice. Frustrated doctors, nurses, and others associated with Social Security and Medicare are forced to beg government employees and politicians for relief so that they can do their job.

Each year, for example, Congress is forced to pass legislation providing a host of urgently needed but often temporary changes to Medicare. There is no end in sight to the complaints received by Congress about the administration of our nation's retirement security programs.

If the boat is sinking, add more passengers?

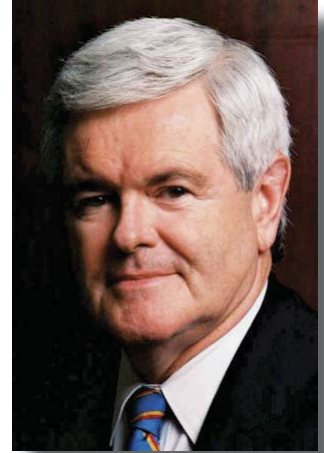
It has unfortunately become apparent that many of our Congressional leaders are willing to tie themselves to a sinking boat rather than adopt sensible changes to important government programs.

The potential loss of government control over retirement security programs has clearly instilled fear among liberals. After all, decades of power consolidation among Washington elites could be lost if reforms are passed. As a result, anti-reform leaders are trying to crowd as many Americans onto failing programs as is possible. Expanding Medicare eligibility to younger Americans, for example, is a frequent refrain among liberal leaders in Congress. In doing so, they hope to block reform by exploiting the fear of Americans dependent on government programs.



The Think Tank

In our first Think Tank article, Devin asked former Speaker Newt Gingrich to comment on how we can foster long-term prosperity in America.



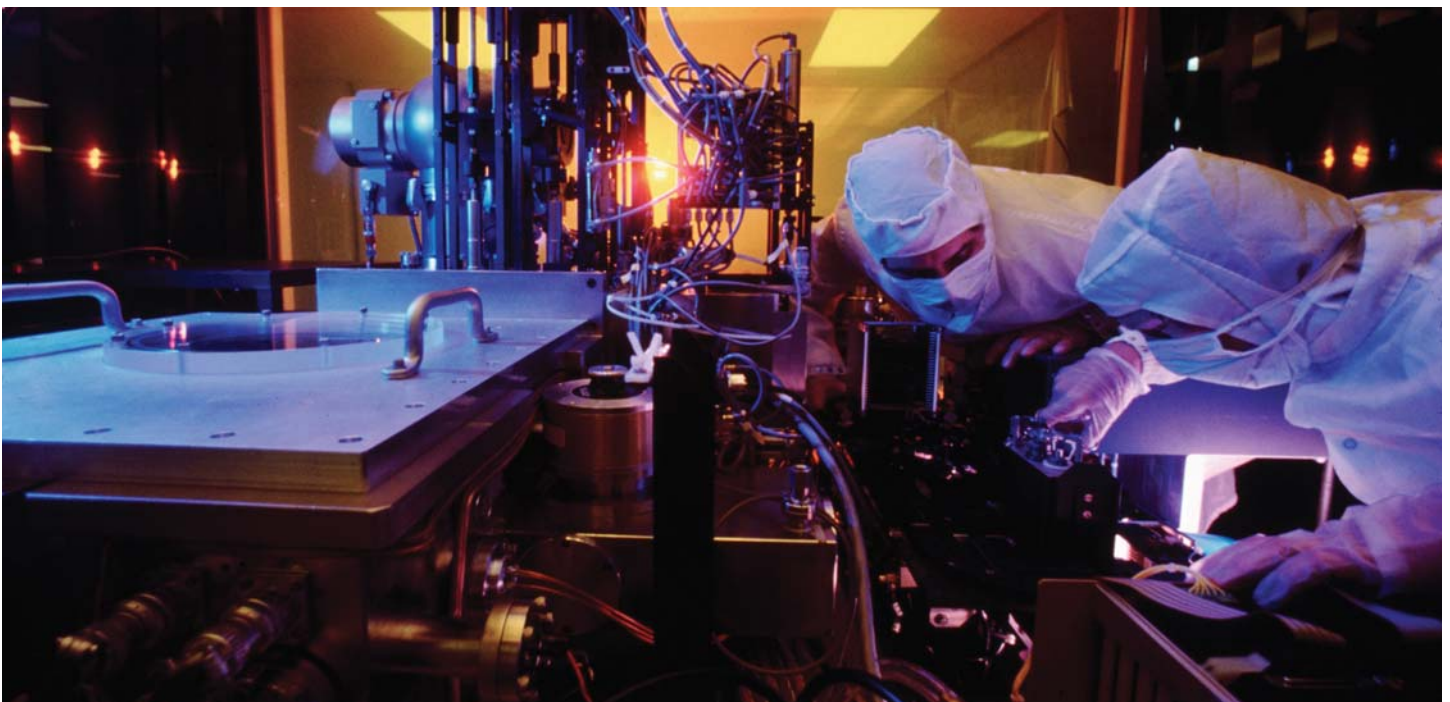
Let's create an economic boom

By Newt Gingrich

If everyone who worries about American jobs and American prosperity understood one fact, we would have a totally different and much improved national economic policy. That fact is: geese can fly.

Remember the goose that laid the golden egg? For America, that goose has been a free market economy that encourages entrepreneurs—using science, technology, and stunning increases in productivity—to create wealth that spreads throughout society.

George Washington, Benjamin Franklin, Thomas Jefferson, and Alexander Hamilton all understood this fact. They knew why America prospered, and they knew that knowledge and money, like geese, can move around the world.



Now there are two real threats to our economic future. The first is the liberal government model of high taxes, complex regulations, expensive and destabilizing lawsuits, and rule by bureaucracies that fail to perform (especially in education). The second is the desire to hide from world competition by closing markets and “protecting” current jobs and investment at the expense of the jobs of the future. These two threats could combine to convince the golden goose to fly to other countries and create jobs and wealth over there.

We have seen case after case of destructive American policies driving business and jobs out of the United States:

- Tax policy has driven the reinsurance business out of the country.
- Litigation threats are a major factor moving financial sector jobs from New York to London.
- Energy policy, taxes, and regulations are driving chemical industry jobs overseas.

Bad policies drive entrepreneurs, knowledge, and capital away and kill American jobs while trying to “protect” them.

Bad policies lead to bad outcomes. But the reverse is true as well. If we have the right policies, policies that expand our free market system, we can create better outcomes than we can imagine.

There are two key steps we can take to create the right policies for America that would result in an economic boom and create enduring prosperity for American workers.

Move to a One Page Optional Flat Tax

According to polling data compiled by American Solutions, four out of every five Americans would like to have the option of a one-page tax form with a single tax rate. This concept of an optional flat tax would give American taxpayers an opportunity to choose simplicity versus complexity and a single rate over a lot of deductions. All workers and corporations would have the freedom to choose each year to file their income taxes either under the new flat tax option or under the current U.S. income tax code. Anyone who strongly favors a deduction or credit under the federal government’s current complex

income tax system would have the choice to keep filing that way.

The optional flat tax would apply one single tax rate of 17 percent to all individual and corporate taxpayers. It would also include a standard exemption of \$13,200 for each adult (\$26,400 for a married couple) and a \$4,000 exemption for each child or dependent. The current \$1,000 tax credit for each child age sixteen or younger would also apply, as would the current earned income tax credit (EITC). This would mean no federal income tax on the first \$46,165 in income for a family of four.

The optional flat tax eliminates all loopholes that could allow higher-income people to avoid paying taxes. But the personal exemptions, the child tax credit, and the EITC would free 42 percent of taxpayers—all from low- and moderate-income households—from paying federal income taxes at all. Many tax filers would receive net tax rebates from the child tax credit and EITC.

The optional one page flat tax would eliminate the death tax, the capital gains tax, and the alternative minimum tax. There would be no tax on retirement benefits or on Social Security benefits. There would be no tax on dividends because corporations would have already paid tax on that income at the corporate level.

“Bad policies drive entrepreneurs, knowledge, and capital away and kill American jobs while trying to ‘protect’ them.” – Newt Gingrich.

Filing under the optional one page flat tax would require just one form on one sheet of paper. This would save taxpayers billions each year in costs of record keeping, paying for tax advice, and filling out complicated tax returns, as well as countless hours of aggravation and worry.

Move to Personal Social Security Savings Accounts

We will have to rethink Social Security because our new ability to live longer requires a new ability to save and invest more. In 1935, when Social Security was adopted, the average American lived to be sixty-three and would not draw a Social Security pension until age sixty-five. In effect, a majority of the taxpayers would never get back their investment in Social Security. When the first Social Security checks were paid there were forty-two taxpay-

ers for every Social Security recipient. Today there are three, and in a few years there will be two. Indeed, savings and investment are nowhere a feature of the Social Security system. The majority of the funds paid into the system each month is immediately paid out in the form of benefits to current retired beneficiaries. Any surplus is spent by the federal government in return for IOUs sent to the Social Security trust funds. That is why Social Security is actually a tax and redistribution system, rather than a savings and investment system.

Because Social Security operates this way, it is not a good deal for working people in the long run. Even if Social Security somehow pays all its promised benefits, the real rate of return (the return net of inflation) on all the taxes paid into the system over the years would be 1 to 1.5 percent or less for most workers today. For many, it would be zero or even negative. A negative real rate of return would be like saving your money in a bank, but instead of the bank paying you interest, you pay the bank interest.

Suppose instead that workers were free to save and invest, in their own personal accounts, up to roughly 50 percent of what they currently pay in payroll taxes. Employers would contribute the same amount to their workers' personal accounts out of the payroll taxes they currently pay on behalf of their employees. This plan was proposed in a bill introduced in the last Congress by Republican congressman Paul Ryan of Wisconsin and Republican senator John Sununu of New Hampshire. (Lower-income workers are allowed to invest a slightly higher percentage of what they currently pay in payroll taxes, and higher income workers a little less.)

Under the Ryan-Sununu option, the federal government would still sponsor a complete Social Security system. Both workers and employers would be required to contribute to retirement savings via Social Security, and workers would be guaranteed the same level of benefits the current system promises. The most significant difference is that the new Social Security system would provide workers with far more retirement money in an account that they would own and could pass on to their families when they died. More money with the same federal guarantee: this is quite simply a better deal for workers.

Personal Social Security savings accounts would constitute the first great breakthrough in the personal prosperity of working people in the 21st century. Even workers earning the lowest incomes could give their children a

major financial boost with the substantial funds accumulated in their personal accounts by retirement. As a result, new private sector capital would flow into the inner city and other poor communities across the nation. This would provide a financial foundation for higher education, small businesses, the launching of professional careers, the construction of new housing, and other steps on the road to reaching the middle class.

Personal accounts in Social Security is also the best solution for helping to address income inequality as they would create vast new wealth owned by workers in the bottom half of the income distribution who have little or no wealth holdings today.

The combination of an optional flat tax and personal Social Security savings accounts would lead to booming economic growth and new, higher-paying jobs. The tax reform incentives of the optional flat tax plus the huge amounts of new capital here at home produced by the personal accounts would cause capital investment to flow into the American economy from around the world. This economic vision would create a future of enduring prosperity for all American workers.

Former House Speaker Newt Gingrich is General Chairman of American Solutions for Winning the Future and author of Real Change: From the World that Fails to the World that Works (Regnery 2008). This essay is adapted from Real Change.



www.americansolutions.com

Myth versus Reality

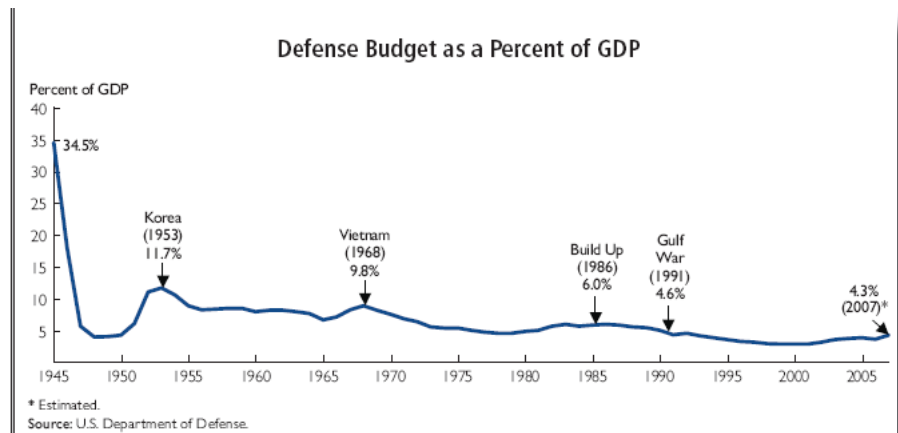
Bullets or bridges?

The “endless war and endless spending” has “crippled our ability to repair or just check our infrastructure,”
MSNBC's Keith Olbermann

Myth: Defense expenditures are consuming the budget to the detriment of our nation's infrastructure.

Truth: Social Security, Medicare, and Medicaid absorb more than twice the share of the federal budget.

Since the end of the Cold War, entitlement spending has consistently claimed a far larger portion of the federal budget than defense. With the prudent goal of devoting at least 4 percent of GDP to provide long-term defense of our nation, Congress will need to maintain military related spending at no less than 20 percent of federal outlays.

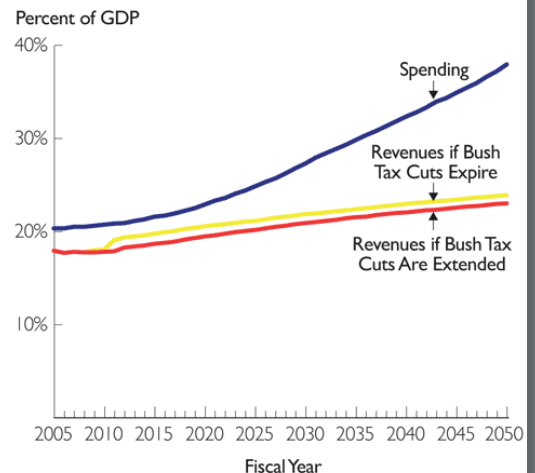


Myth: The 2003 tax cuts are to blame for long-term budget deficits.

Truth: The tax cuts resulted in significant economic growth. The Treasury will benefit from tax revenue increases above the historical average as a result. Long-term budget deficits are the result of entitlement spending.

Spending has remained around 20 percent of GDP for the past half-century. However, the coming retirement of the baby boomers will increase Social Security, Medicare, and Medicaid spending by a combined 10.5 percent of GDP.

Runaway Spending Drives the Long-Term Budget Problems



Source: Calculations based on data from CBO Long-Term Budget Outlook, December 2005.

News Clips



Green Goodies

Kimberley A. Strassel

Reprinted from *The Wall Street Journal*, 6/15/2007

First came Big Labor. Then the tort lawyers. What special interest lobby remains for the Democratic majority to reward for services rendered this past election?

The answer rests in the ecstatic press releases tumbling out of the nation's largest environmental groups, as they oversee the House's pending energy legislation. That is, if "energy" is the right word for West Virginia Rep. Nick Rahall's green-payoff of a bill. Ostensibly the legislation is a rollback of any energy production advances of recent years. But also tucked deep in its heart is an extraordinary new tool to allow environmentalists to lock up private property across the country. Bill presented; bill paid.

Like union and trial-bar groups, the extreme environmental community forked over a hefty wad of cash last year to help put Democrats in the majority, as well as to keep key environmental allies in their seats. But they also went the extra mile, singling out Republicans viewed as most ideologically hostile to liberal green goals and targeting them in campaigns. Most Wanted was former House Resources Committee Chairman Richard Pombo.

The Californian was an environmental innovator, one

reason he leapfrogged past far more senior members of the Resources Committee to take its helm in 2003. His subsequent successes lay in getting rural-state Democrats to come along with pioneering overhauls of outdated, 1970s-style environmental policy—from the Healthy Forests Act to reform of the Endangered Species Act and public-lands drilling. Those victories, and Mr. Pombo's commitment to property rights, enraged coast-state Democrats and environmental groups, who viewed him as slightly less progressive than Attila the Hun.

Their fury was unleashed in last year's campaign. By some estimates, a half-dozen environmental groups spent north of \$3 million to get Mr. Pombo sacked. Defenders of Wildlife opened an office in his Stockton district, staffed with a dozen people, for that purpose. Since most of Mr. Pombo's constituents admired him for his environmental work, their tactic was character assassination. The Defenders of Wildlife Action Fund (a 527) sent out mailings with the jaw-dropping suggestion that since Mr. Pombo didn't hold a hearing about supposed abuses in the Marianas Islands (a U.S. territory) that he supported "forced abortion," "child prostitution" and "sweatshop labor." Nowhere was the word "environment" even mentioned.

The smear campaign worked. Mr. Pombo was ousted, along with other key environmentalist targets, including Arizona's J.D. Hayworth, Indiana's Chris Chocola, John Hostettler and Mike Sodrel, Kentucky's Anne Northup and North Carolina's Charles Taylor. The broader Democratic victory slipped the Resources chairmanship to Mr. Rahall, who may hail from rural West Virginia, but votes like a resurrected Rachel Carson. (Last year he earned a 92% voting score from the League of Conservation Voters, which takes effort.) With his most worthy ideological opponents banished, he's been largely free to pursue a pure green agenda, handing out goodies to the environmental crew that helped get him his job.

But first, housekeeping. In a little semantic poke to their opponents, Democrats quickly changed the title of Mr. Rahall's group to the Natural Resources Committee. This was accompanied by the heave-ho of moderate Democrats who had signed on to Mr. Pombo's reform agenda. California's Dennis Cardoza, who co-authored the species reform, was dropped, as was Louisiana's Charlie Melancon, who'd worked with Mr. Pombo on offshore drilling.

They were replaced with better spawn of Mother Earth, including Lois Capps (California), Patrick Kennedy (Rhode Island) and John Sarbanes (Maryland). Mr. Rahall also sprinkled staff jobs on greens, including from groups active in the 2006 campaign. Two of three senior policy advisers hail from Defenders of Wildlife and the Forest Service Employees for Environmental Ethics; others come from the Wilderness Society and the Sierra Club.

These are the folks who helped write the "energy" bill that passed committee this week. Broadly, the bill fulfills one big ambition of environmental groups in recent years: a rollback of any smarter use of public (or even private) lands for energy use. Gone are previous gains for more drilling, more refineries, more transmission lines. But the big prize was an unprecedented new power allowing green groups to micromanage U.S. lands. That section creates "a new national policy on wildlife and global warming." It would require the Secretary of the Interior to "assist" species in adapting to global warming, as well as "protect, acquire and restore habitat" that is "vulnerable" to climate change. This is the Endangered Species Act on steroids. At least under today's (albeit dysfunctional) species act, outside groups must provide evidence a species is dwindling in order for the government to step in. This law would have no such require-

ments. Since green groups will argue that every species is vulnerable to climate change, the government will be obliged to manage every acre containing a bird, bee or flower.

It's a green dream come true, carte blanche to promulgate endless regulations barring tree-cutting, house-building, water-damming, snowmobile-riding, waterskiing, garden-planting, or any other human activity. The section is vague ("protect," "assist," "restore") precisely so as to leave the door open to practically anything. In theory, your friendly Fish & Wildlife representative could even command you to start applying sunblock to your resident chipmunks' noses.

"It's a green dream come true, carte blanche to promulgate endless regulations barring tree-cutting, house-building, water-damming, snowmobile-riding, waterskiing, garden-planting, or any other human activity." -- Kimberley Strassel

The draft of Mr. Rahall's bill was greeted by a glowing letter from 13 environmental outfits--EarthJustice, Environmental Defense, American Rivers, the usual crew--voicing their "strong support" for the legislation. As they might, since it appears they wrote it. A May 29 letter from Defenders of the Wildlife Executive Vice President Jamie Rappaport Clark--President Clinton's onetime wilderness guru--crowed that her group "worked with committee and congressional staff as they developed" the new global warming wildlife program. She also extols the big bucks that will flow to federal and state wildlife agencies as a result of that global warming initiative.

Mr. Rahall's bill still has a long way to go. Other sections of an energy policy are still mired in the House; the Senate has yet to weigh in; and President Bush, with any luck, will veto any legislation that grants a freeze of every dirt clod in America--publicly or privately owned. Still, when it comes to rewarding their friends in the green community, don't blame House Democrats for not trying.



What is at risk is not the climate but freedom

Vaclav Klaus, President of the Czech Republic
Reprinted from the Financial Times, 6/14/2007

We are living in strange times. One exceptionally warm winter is enough - irrespective of the fact that in the course of the 20th century the global temperature increased only by 0.6 per cent - for the environmentalists and their followers to suggest radical measures to do something about the weather, and to do it right now.

In the past year, Al Gore's so-called "documentary" film was shown in cinemas worldwide, 'Britain's - more or less Tony Blair's - Stern report was published, the fourth report of the United Nations' Intergovernmental Panel on Climate Change was put together and the Group of Eight summit announced ambitions to do something about the weather. Rational and freedom-loving people have to respond. The dictates of political correctness are strict and only one permitted truth, not for the first time in human history, is imposed on us. Everything else is denounced.

The author Michael Crichton stated it clearly: "the greatest challenge facing mankind is the challenge of distinguishing reality from fantasy, truth from propaganda." I feel the same way, because global warming hysteria has become a prime example of the truth versus propaganda problem. It requires courage to oppose the "established" truth, although a lot of people - including top-class scientists - see the issue of climate change entirely differently. They protest against the arrogance of those who advocate the global warming hypothesis and relate

it to human activities. As someone who lived under communism for most of his life, I feel obliged to say that I see the biggest threat to freedom, democracy, the market economy and prosperity now in ambitious environmentalism, not in communism. This ideology wants to replace the free and spontaneous evolution of mankind by a sort of central (now global) planning.

The environmentalists ask for immediate political action because they do not believe in the long-term positive impact of economic growth and ignore both the technological progress that future generations will undoubtedly enjoy, and the proven fact that the higher the wealth of society, the higher is the quality of the environment. They are Malthusian pessimists.

The scientists should help us and take into consideration the political effects of their scientific opinions. They have an obligation to declare their political and value assumptions and how much they have affected their selection and interpretation of scientific evidence.

Does it make any sense to speak about warming of the Earth when we see it in the context of the evolution of our planet over hundreds of millions of years? Every child is taught at school about temperature variations, about the ice ages, about the much warmer climate in the Middle Ages. All of us have noticed that even during our life-time temperature changes occur (in both directions).

Due to advances in technology, increases in disposable wealth, the rationality of institutions and the ability of countries to organise themselves, the adaptability of human society has been radically increased. It will continue to increase and will solve any potential consequences of mild climate changes.

I agree with Professor Richard Lindzen from the Massachusetts Institute of Technology, who said: “future generations will wonder in bemused amazement that the early 21st century’s developed world went into hysterical panic over a globally averaged temperature increase of a few tenths of a degree, and, on the basis of gross exaggerations of highly uncertain computer projections combined into implausible chains of inference, proceeded to contemplate a roll-back of the industrial age”.

The issue of global warming is more about social than natural sciences and more about man and his freedom than about tenths of a degree Celsius changes in average global temperature.

As a witness to today’s worldwide debate on climate change, I suggest the following:

- Small climate changes do not demand far-reaching restrictive measures
- Any suppression of freedom and democracy should be avoided
- Instead of organising people from above, let us allow everyone to live as he wants
- Let us resist the politicisation of science and oppose the term “scientific consensus”, which is always achieved only by a loud minority, never by a silent majority
- Instead of speaking about “the environment”, let us be attentive to it in our personal behaviour
- Let us be humble but confident in the spontaneous evolution of human society. Let us trust its rationality and not try to slow it down or divert it in any direction
- Let us not scare ourselves with catastrophic forecasts, or use them to defend and promote irrational interventions in human lives.

Rep. Nunes on climate change:

Whether or not human activity is having an impact on our climate, it is important for Congress to advance public policy that will promote new sustainable fuel sources. Clean coal technology, solar, wind energy, nuclear power, cellulosic ethanol and biomass are a few of the possible options. New energy sources are important not solely on the basis of environmental fear mongering, but to ensure an affordable and reliable source of energy for our growing economy into the future.

When studying global climate change the biggest challenge is to understand the natural variations and what affect, if any, humans have on the climate. Indeed, scientists have documented a human-induced increase in greenhouse gas emissions (CO2) since the Industrial Revolution. They have also documented that these greenhouse emissions hang around in the Earth’s atmosphere for years, therefore increasing the concentrations. However, it is difficult to determine the affects of greenhouse gases. Indeed, scientists cannot prove that greenhouses gases are contributing to climate change. Other complex and natural factors play significant, most likely predominant roles, and have driven climate change over the history of our planet. Mars, for example, has been undergoing a warming period since the 1970s and planetary climate change on Earth has clearly predated human activity.

Since the 1800s, climate fear mongers have worked to produce sensationalist news stories related to the Earth’s temperature. Depending on the conditions at the time, these activists have alternately predicted global warming or the coming of a new ice age.



Devin Nunes
Member of Congress

You can find out more about
climate change at
www.nunes.house.gov

Say What?

*On message, frightening or simply entertaining?
You be the judge...*



"I was going to ask you some questions, but I've forgotten my paper bag."

Rep. Fortney (Pete) Stark (D-CA) speaking to OMB Director Nussle at a February 15th Congressional hearing.

"The main obstacle to a stable and just world order is the United States."

George Soros, billionaire and political activist and financier of Moveon.org



"We're going to solve our energy crisis by growing corn?" That's the dumbest thing I've ever heard. ..."

Rep. Don Young (R-AK)

"It's not that we haven't been working -- it's just that the product hasn't been produced."

Rep. Gene Green (D-TX)



"Mississippi gets more than their fair share back in federal money, but who the hell wants to live in Mississippi?"

Rep. Charles Rangel (D-NY)



“In Delaware, the largest growth of population is Indian-Americans, moving from India. You cannot go to a 7/11 or a Dunkin’ Donuts unless you have a slight Indian accent. I’m not joking.”

Senator Joe Biden (D-DE)

“This is another reason we’re proud not to be a vegetarian. We have to eat those cows before the air gets any more polluted than it already is!”

The Wall Street Journal Opinion Page, in response to the San Joaquin Air Pollution Control District’s statement that each cow emits 20.6 pounds of methane.

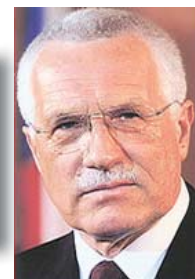


“I’m going to try to stay within the five minutes, but remember, I talk slower than the rest of them.”

Mississippi Republican Gov. Haley Barbour.

“The biggest threat to freedom, democracy, the market economy and prosperity now is ambitious environmentalism, not in communism.”

Vaclav Klaus, President of the Czech Republic



“Wars such as those which have occurred in Iraq only allow hatred, violence and terror to proliferate.”

Prime Minister Zapatero of Spain (Zapatero withdrew Spain’s military from Iraq following an al-Qaeda attack in Madrid.)

Our community in focus



College Direct

COS - Exeter Union High School partnership offers free college credit to high school students

Congressman Devin Nunes is working closely with leaders from College of the Sequoias (COS) and Exeter Union High School on a program that will allow students to complete a full year of college classes - right in Exeter - free of charge before they graduate from high school.

“Education is very important to me. As a former board trustee for the College of the Sequoias and now as a member of Congress, I have made it my goal to help as many students as possible further their education after high school,” Nunes said. “Whether you plan to attend a four-year university or are looking to complete vocational training, community college is an affordable and effective way to achieve your goals.”

The collaborative program between COS and Exeter is called College Direct. The College Direct program has a “just 3” mantra encouraging Exeter students to consider taking 3 college units, 3 semesters or 3 courses prior to completing their

high school diplomas. The Exeter High School and surrounding community are behind the project with a goal of having 90% of their high school students having some college credit prior to graduating.

This partnership has allowed for seven classes this semester to be offered which include, agriculture mechanics, animal science, drafting, citrus production, basic metal craft welding and forging at the Sierra Forge and Fire facility. The courses are open to high school students as well as adults who are taking advantage of college courses being offered in their community.

An example of this programs’ success can be seen with the creation of a citrus production class. An industry expert has been instructing the class and providing real-world experience to the classroom. Local residents and students are now in the position to have hands-on experience in a subject that is a vital part of the Valley economy.

With this new collaboration, many young students are able to start their college career, before finishing high school. In fact, over 100 students enrolled in COS courses at Exeter High School this past semester. It is the hope this program will expand to other schools, so ultimately higher education will become a tangible goal for all our graduating students.

To learn more about the College Direct Program, call COS at 559-737-6216 or Exeter Union High School at 559-745-4545.

You can learn more about COS online at:
www.cos.edu

Tax rebate information

Under the Economic Stimulus Act of 2008, more than 130 million American households will receive economic stimulus payments beginning in May.

Questions and Answers

Question: What do I need to do to get an economic stimulus payment?

Answer: All you need to do is file a federal income tax return for 2007. Even if you are not otherwise required to file a tax return, you must file a 2007 return in order to receive a payment this year.

Question: How do I estimate my payment?

Answer: The payment is equal to the taxpayer's net income tax liability, but no more than \$600 for a single person or \$1,200 for a married

couple filing a joint return. People with no net income tax liability will usually get a minimum payment of \$300 for a single person or \$600 for a married couple filing jointly, as long as they have qualifying income of at least \$3,000.

Question: Will there be any income limits on the checks?

Answer: The rebate checks begin to phase out for individuals with adjusted gross incomes over \$75,000 and \$150,00 for married couples who file a joint return. The phase out will be \$50 for every \$1,000 over the income limits.

Question: Will my stimulus payment be included in my regular tax refund?

Answer: No. Taxpayers who over-withheld their taxes during 2007 will receive two separate payments.

For more information on tax rebates, visit the Internal Revenue Service online at www.irs.gov or call 559-452-3201 (Fresno) or 559-625-2137 (Visalia).

"Qualifying income" includes earned income (i.e., salary, wages, etc); Social Security benefits (including Social Security disability payments); and certain payments made by the VA to disabled veterans and their surviving spouses.

High school students: sign up today for

An Artistic Discovery

Deadline: April 11, 2008



"Portrait of the Artist"
by Laura Calderwood, 2007



"Mission in Colombia"
by Heidi Steinman, 2005

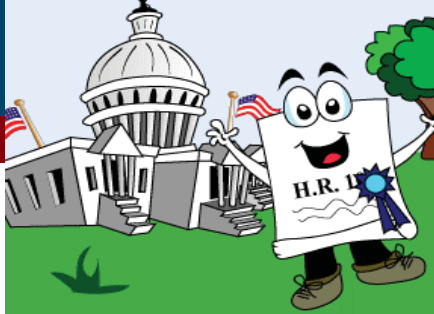


"My Family"
by Alicia Salas, 2004



"Pearl"
by Stephanie Creede, 2006

The Congressional Art Competition entitled, An Artistic Discovery, is a nationwide art competition coordinated by Members of Congress. Local high school students will have their artwork judged by a panel of art experts and the winner will represent the 21st District in a national exhibit at the U.S. Capitol Building. All winning art is displayed for Capitol visitors to see in the Cannon Tunnel Pedestrian Walkway. For details, call 559-733-3861 or visit www.nunes.house.gov.



Kids' Congress

<http://clerkkids.house.gov>

Preamble Scramble

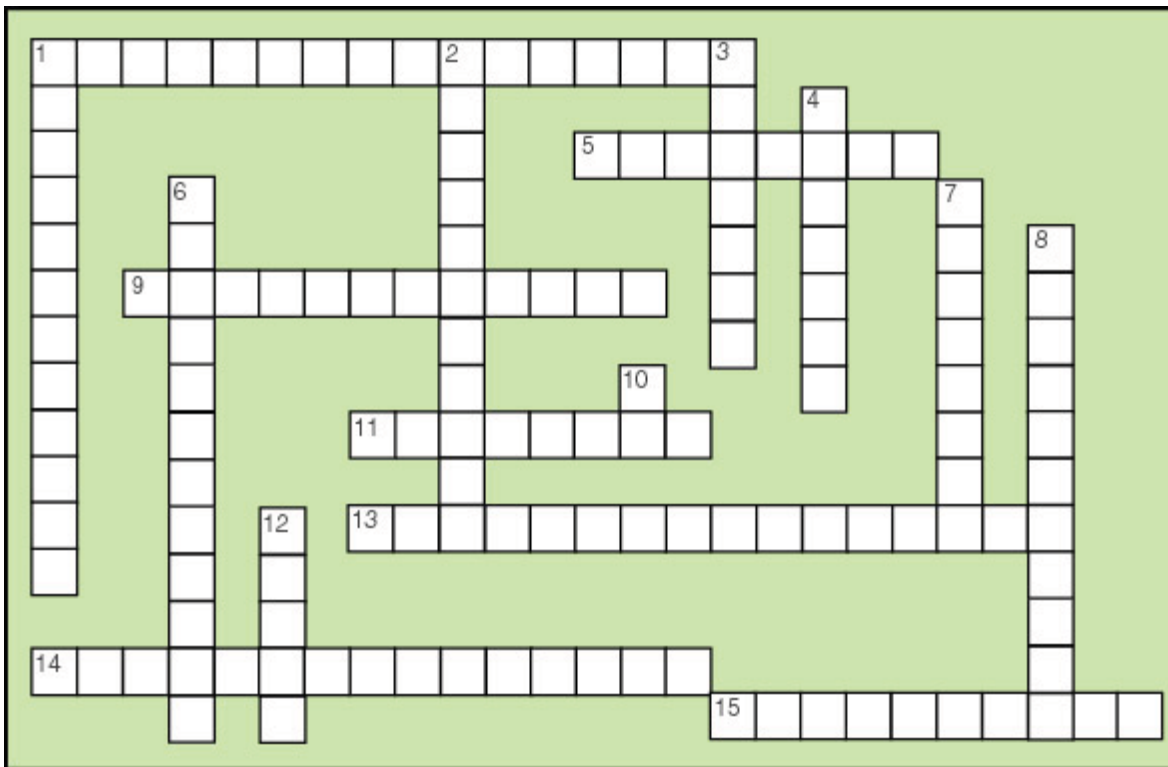
Ben tripped and dropped the Preamble to the Constitution before he could set it in the printing press.



Help Ben reassemble the Preamble.

this Constitution for the United States of America.
and secure the Blessings of Liberty
We the people do ordain and establish
of the United States provide for the common defense,
in Order to form insure domestic Tranquility,
a more perfect Union, to ourselves and our Posterity,
promote general Welfare, establish Justice

Constitution Crossword



ACROSS

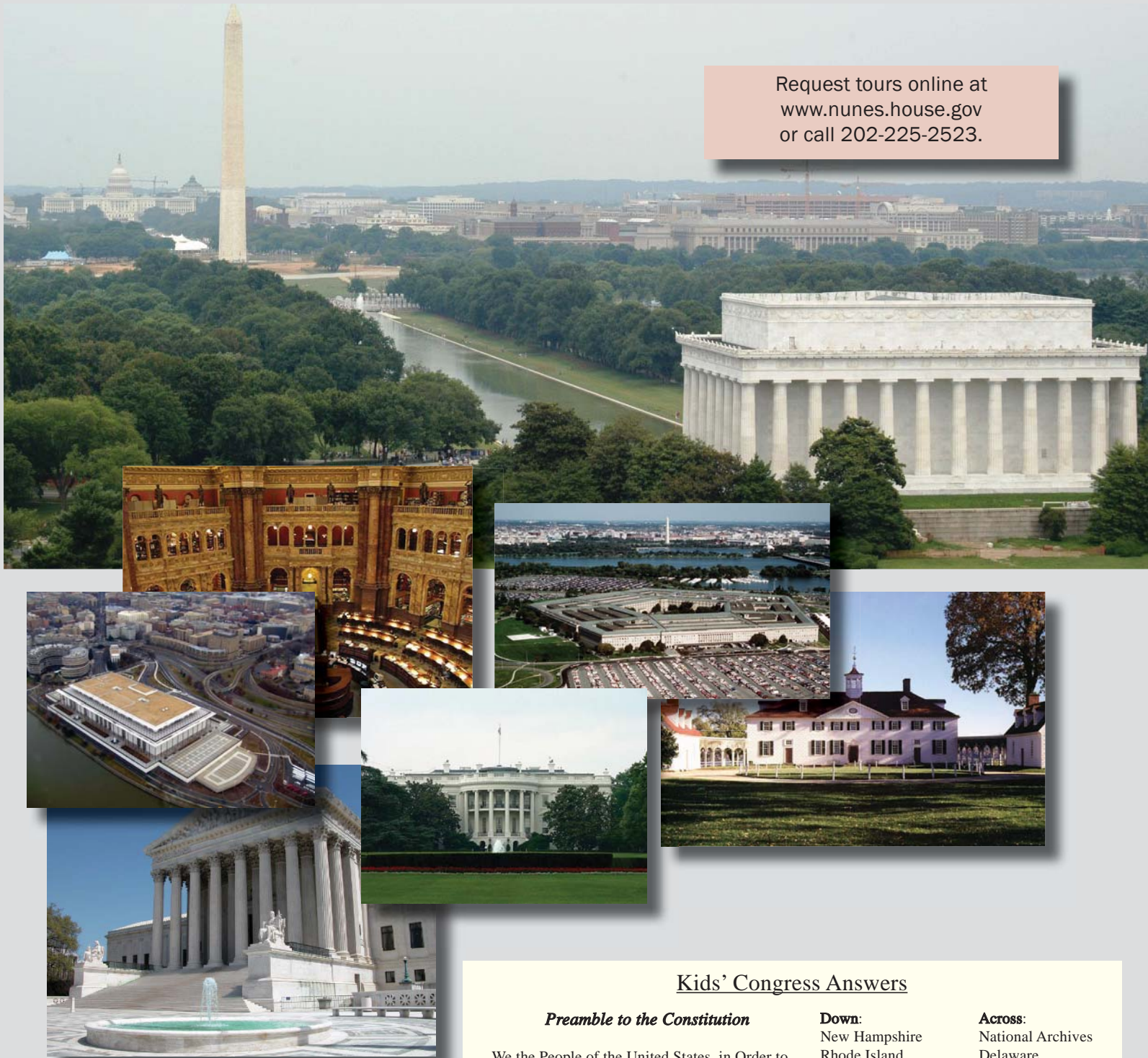
1. Place where the original Constitution can be viewed. (16 letters)
5. First state to ratify the Constitution. (8 letters)
9. Fearing tyranny from a strong central government, some states demanded this be added to the Constitution. (12 letters)
11. He is known as the "Sage of the Constitutional Convention." (8 letters)
13. These essays were written to defend and promote the ratification of the new Constitution. (16 letters)
14. Name given to the group who did not favor ratification of the Constitution. (15 letters)
15. This amendment was repealed. (10 letters)

DOWN

1. This state's signing ratified the Constitution. (12 letters)
2. State that did not send delegates to the Constitutional Convention. (11 letters)
3. The 13th Amendment abolished. (7 letters)
4. He introduced the Bill of Rights in the House of Representatives on June 8, 1789. (7 letters).
6. The Constitutional Convention met in this city. (12 letters)
7. The part of the Constitution where you find the phrase "in order to form a more perfect union." (8 letters)
8. Number of amendments to the Constitution. (11 letters)
10. Article that establishes the Constitution as the supreme law of the country. (2 letters)
12. The Nineteenth Amendment protects the voting rights of . (5 letters)

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or call 202-225-2523.



Kids' Congress Answers

Preamble to the Constitution

We the People of the United States, in Order to form a more perfect Union, establish Justice, insure domestic Tranquility, provide for the common defense, promote the general Welfare, and secure the Blessings of Liberty to ourselves and our Posterity, do ordain and establish this Constitution for the United States of America.

Down:

New Hampshire
Rhode Island
Slavery
Madison
Philadelphia
Preamble
Twenty-seven
VI
Women

Across:

National Archives
Delaware
Bill of Rights
Franklin
Federalist Papers
Anti-Federalists
Eighteenth

113 North Church Street
Suite 208
Visalia, CA 93291
559-733-3861

1013 Longworth
House Office Building
Washington, DC 20515
202-225-2523

264 Clovis Avenue
Suite 206
Clovis, CA 93612
559-323-5235



www.nunes.house.gov

United States
House of Representatives
Washington, DC 20515

PRSRT STD

Devin Nunes M.C.

Public Document - Official Business