

# FAIR Taxes for ALL

Co-chairs: People For the American Way, American Federation of State, County & Municipal Employees, National Women's Law Center, Leadership Conference On Civil Rights, US Action, Campaign for America's Future

**To:** Editorial Board Writers and Columnists

**From:** Fair Taxes For All coalition

**Date:** March 16, 2004

**RE:** Oppose House Budget Resolution and New Budget Rules

The budget pending in the U.S. House of Representatives will add to our exploding deficits and continue a pattern of giving tax cuts to the wealthy while making deep cuts in programs for middle class and low-income Americans. Moreover, proposed changes in the budget process would force deep cuts in programs like Medicaid and Social Security, while allowing huge tax cuts for the wealthiest Americans to pass with ease. We urge you to write an editorial opposing the House budget and these one-sided rules changes.

Several Congress Members have been seen as moderate on budget issues, but the wrong vote on these two critical bills could irreparably damage that record. The budget proposed by House Budget Committee Chairman Jim Nussle (R-Iowa) likely faces a vote next week on the House floor. Here's **what's wrong with the Nussle budget**:

- It proposes **\$138 billion in unpaid-for tax cuts** over the next five years. While this is the five-year cost of making the 2001 and 2003 tax cuts permanent, making the tax cuts permanent will have a much higher cost over the long term: \$1.2 trillion over the next ten years. And the benefits of making the tax cuts permanent overwhelmingly go to the wealthiest Americans.
- It would impose draconian cuts in programs important to the American people, including law enforcement, medical and scientific research, veterans' medical care, housing, and environmental protection. Under this plan, **funding for domestic discretionary spending outside homeland security would be cut by \$120 billion** over five years.
- The Nussle resolution would likely lead to some **\$2.2 billion in cuts to Medicaid** over the next five years. It directs the Energy and Commerce Committee to find \$2.2 billion in cuts over five years. Since that committee administers Medicaid and no other entitlement programs, the bulk of the \$2.2 billion is very likely to come out of Medicaid and put new strains on already overburdened state budgets, as Rep. Nussle has acknowledged.

Congress Members should also oppose the accompanying budget process bill **purporting to promote fiscal discipline, but in fact imposing irresponsible, one-sided "pay-as-you-go" rules**. "Pay-as-you-go" was originally a bipartisan reform imposed through the Budget Act that required any legislation that increased deficits to be paid for with offsetting spending cuts or revenue increases. It was partially responsible for the historic balanced budgets of the late nineties and 2000. In a break with this successful tradition, however, the expected House proposal would pervert the deficit-restraining rule by requiring only increases in entitlement spending to be offset, while allowing tax cuts to pass unpaid-for. Not only would such an unbalanced "pay-as-you-go" rule not work to rein in deficits, but it would also likely result

in budget outcomes out of touch with Americans' priorities. While allowing deficit-swelling tax cuts for the wealthy, one-sided "pay-as-you-go" rules would likely force future Congresses to make deep cuts in entitlement programs (like Medicare, Medicaid, and food stamps). Moreover, massive deficits largely caused by tax cuts will likely be used to justify even deeper cuts in other programs critical to the American people, including education, environmental protection, health research, housing, and more. Indeed, this is already occurring, as both the House and Senate Budget resolutions would actually increase federal deficits through more tax cuts, while imposing freezes or cuts in federal spending in the name of fiscal discipline. With tax cuts enacted since 2001 costing six times more than entitlement expansions enacted in the same time period, we cannot allow Congress to get away with codifying this sham fiscal discipline and continuing to ignore tax cuts as a cause of our deficits and a threat to our shared priorities.

To arrange an interview, please call (202)467-4999. More details on the proposal can be found at <http://www.cbpp.org/3-12-04bud.htm>.

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The Fair Taxes For All Coalition is a massive, broad-based coalition of organizations co-chaired by People For the American Way, National Women's Law Center, AFSCME, the Leadership Conference on Civil Rights, USAction, and the Campaign for America's Future. More than 325 national, state and local groups and coalitions – together representing millions of Americans – have pledged to defeat Bush Administration tax proposals that would take resources from health care, education, Social Security, and homeland security in order to give massive tax breaks to the very wealthiest Americans.