



February 22, 2005

The Honorable Judd Gregg
Chairman, Senate Budget Committee
624 Dirksen Senate Office Building
Washington, DC 20510

The Honorable Jim Nussle
Chairman, House Budget Committee
309 Cannon House Office Building
Washington, DC 20515

Dear Chairman Gregg and Chairman Nussle:

President Bush's FY 2006 budget is the most restrained spending blueprint that he has offered yet. For that, he is certainly to be commended. However, in light of the explosive spending growth across all areas of the budget during the past half-decade, we urge the Budget Committees to view this document as an amply-high ceiling rather than a floor as you draft your Budget Resolution. Further, once a spending blueprint is agreed to, we urge you to work closely with the President to make sure that it is adhered to during the passage of appropriations and supplementals for FY 2006.

The urgency for your Committees to treat the President's budget as a ceiling rather than a floor is clear from a brief review of budget trends:

- OMB estimates that total FY 2005 outlays will be a stunning 33 percent higher than outlays in FY 2001. So while 3.6 percent growth in FY 2006 would represent the smallest growth in spending since the Clinton years (many of the majority party may be embarrassed that President Clinton has become a standard of frugality), it still would leave outlays 38 percent higher than in FY 2001.¹
- And as you both certainly know, rapid spending growth has occurred all across the budget – not just in defense and homeland security. In fact, from FY 2001 through FY 2005, spending at the Department of Education will have grown at almost *twice the rate* of military spending. Spending at the Department of Agriculture will have skyrocketed up 40 percent. The Department of Energy's expenditures will have jumped 36 percent. Spending at the Department of Labor will have risen by 26 percent.² And on and on.

But even worse for taxpayers, Congress in 2003 enacted the Medicare prescription drug legislation, saddling future generations with trillions in unfunded liabilities. A procession of cost estimates for this new entitlement, issued subsequent to its passage, has given new meaning to the phrase "shock and awe."

¹ *Historical Tables, Fiscal Year 2006 Budget of the U.S. Government*, Table 1.1.

² *Ibid.*, Table 4.1.

Despite this troubling record, Washington special interests and public employee union-funded “think tanks” are trying to make the case that the President’s budget contains “draconian cuts” and represents a massive scaling back of government. Clearly, they are being dishonest with the American people. In your work on the budget in the coming weeks, it will be imperative for you to set the record straight. We are committed to helping you in any possible way in this important educational effort.

But beyond educational outreach, this year demands tough work by Congress, starting with your Budget Resolution. The spending excesses of recent years have eroded freedom and harmed the economy. Further, this profligacy has endangered President Bush’s entire agenda for the second term. The spending-driven deficits provide an easy excuse for big spenders in the House and Senate to oppose making tax relief permanent or to vote against enacting Social Security reform or overhauling the Tax Code. As dramatic as it sounds, it is probably fair to say that lack of spending restraint has brought the majority party to the brink of complete political stalemate.

Thus, on behalf of the 350,000 members of the National Taxpayers Union, I encourage you to use the Bush budget as a starting point in the fight for fiscal restraint and bring in the Budget Resolution at a level *below* what the President has requested. Of course we support the President’s elimination or reduction of 150 programs (projected to save \$15 billion). But that should just be the start of the effort to rein in the federal government.

And once a Budget Resolution is passed, your Committees must work with the President in achieving these spending targets. Some have tried to claim that the President held Congress to the aggregates called for in last year’s budget. These claims are inaccurate. FY 2005 outlays are projected to end up *almost \$80 billion above what the President requested for this year.*³ Hopefully, unlike in past years, the President will recognize the need to “use political capital” in the FY 2006 budget process and not allow Congress to run roughshod over budget targets. He will need the assistance of your Committees in achieving this goal.

The members of the National Taxpayers Union – and the network of hundreds of taxpayer groups across the country with whom we work – look forward to assisting you during the coming months as you seek to bring fiscal responsibility back to the federal budget.

Sincerely,

John Berthoud
President

cc: Members of the Senate Budget Committee & House Budget Committee

³ In his FY 2005 Budget, President Bush asked for \$2,399.8 billion in FY 2005 outlays. In his FY 2006 budget, OMB is estimating that FY 2005 outlays will end up at \$2,479.4 billion.