



U.S. HOUSE OF REPRESENTATIVES

# COMMITTEE ON THE BUDGET

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## **Van Hollen Opening Statement: Mark Up of the Concurrent Resolution on the Budget for Fiscal Year 2013**

*Washington, DC - Today Maryland Congressman Chris Van Hollen, Ranking Member of the House Budget Committee, made opening remarks at the House Budget Committee Mark Up of the Concurrent Resolution on the Budget for Fiscal Year 2013. Below are his remarks as prepared for delivery:*

Thank you, Mr. Chairman. We gather today to consider a long-term budget plan at an especially consequential moment for our country. Unfortunately, this Republican budget makes the wrong choices for America. As a result of the extraordinary actions taken over the last few years, America avoided a second Great Depression and is emerging from the ravages of a financial meltdown and near economic collapse. While the economy is improving, millions of Americans remain out of work through no fault of their own. Our top priority must be to strengthen the fragile recovery and put America back to work. It's also clear that putting Americans back to work is the fastest and most effective ways to reduce the short term deficit. In fact, CBO estimates that our weak economy and under-employment is the major single contributing factor to the deficit, accounting for over one third of the projected deficit for fiscal year 2012.

Both President Obama's jobs plan and the President's budget – and the budget we will propose as an alternative next week – make key investments in the areas of our economy that will spur job creation now and ensure our success over the long term. They call for initiatives that will spur immediate additional job creation, including funding to modernize our nation's roads, schools, and bridges. At a time when the unemployment rate in the construction industry stands at 17.1 percent, those kinds of investments are a win-win for the American people. Instead of expanding incentives to ship American jobs overseas, as the Republican budget plan does, we need to invest in jobs here at home and Make it in America. In addition to helping small businesses put more Americans back to work now, the President's budget also makes strategic long-term national investments to out-educate, out-innovate, and out-compete the rest of the world. These investments are necessary for long-term economic growth.

To achieve long-term economic growth we must also enact a plan now to steadily and predictably reduce our deficits and debt. The issue is not whether we enact a plan to reduce the deficit, the question is how.

To govern is to choose, and the choices made in the Republican budget are simply wrong for America. It is not bold to provide tax breaks to millionaires while ending the Medicare guarantee for seniors and sticking seniors with the bill for rising health care costs. It is not courageous to protect tax giveaways to big oil companies and other special interests while slashing investments in our kids' education, scientific research, and critical infrastructure. It is not visionary to reward corporations that ship American jobs overseas while terminating affordable health care for tens of millions of Americans. It is not brave to give governors a blank check for their pet initiatives and a license to cut support for seniors in nursing homes, individuals with disabilities, and low-income kids. And it is not fair to raise taxes on middle-income Americans to pay for big additional tax breaks for Wall Street executives and the very wealthy.

Yet those are the choices made in the Republican budget. Where is the shared responsibility? We have American men and women putting their lives on line in Afghanistan while others hide their income in the Cayman Islands and Switzerland and refuse to pay their fair share to support our nation.

As the Bipartisan Fiscal Commission indicated, any responsible effort to reduce the deficit requires a balanced approach that addresses both spending and revenue. The Republican plan fails that simple test. That's probably not a surprise, since 98 percent of House Republicans have signed a pledge refusing to close a single special interest tax loophole or eliminate a subsidy to big oil companies for the purposes of deficit reduction.

Instead, the Republican budget simply rigs the rules of the game in favor of the very wealthy and the powerful special interests, and it does so at the expense of middle-income Americans, seniors, and critical investments necessary to help our economy grow stronger.

In addition to locking in the portion of the Bush tax cuts that disproportionately benefit the very wealthy, the Republican budget proposes additional tax breaks. When you reduce the top marginal rate from 35 percent to 25 percent you provide a windfall for millionaires – on average they will get a combined \$150,000 tax cut. Moreover, the additional tax cut for millionaires is inevitably paid for by raising taxes on middle-income and other Americans. Cutting the top rate by 10 percent generates a new loss of over \$5 trillion. As we will show later, if you do that and at the same time say that you're going to do this in a 'revenue neutral' way, what you're doing is making middle-income taxpayers pay more to finance tax cuts for millionaires.

All of this is in service of a failed, trickle-down economic theory that claims that big tax breaks to the very wealthy will trickle down to lift the middle-class. We've been there; we tried it – it's called eight years of the Bush Administration. Those tax breaks for the very wealthy may have lifted the yachts, but they didn't lift any of the other boats. And at the end of that period, we saw a net loss of private sector jobs.

Republicans call their plan a path to prosperity, and if you've already arrived at that point, it is the path for you. If you're already prosperous, this'll give you an added windfall. But tax breaks for the very wealthy come at the expense everyone else. It means everyone else has to shoulder the burden of deficit reduction. It also threatens our nation's ability to succeed in the global

economy. Remember, the Budget Control Act and the President's budget already reflect the approximately \$1 trillion in cuts for non-security discretionary spending proposed by the Bipartisan Fiscal Commission. But this plan reduces essential, strategic investments by another \$1 trillion over the next 10 years. America became an economic powerhouse in part because of targeted strategic national investments made by earlier generations – including investments in science and technology, the interstate highway system, and the G.I. Bill and other educational opportunities. By gutting those investments, you are prescribing a recipe for national decline.

Now let me turn to the question of health care. Every member of this Committee knows that rising health care costs represent a huge challenge for the federal budget. But every member of this Committee should also know what every expert has told us – that those rising costs are not unique to Medicare or Medicaid. Those costs are endemic to the entire health care system. In fact, over the last 30 years, the per-beneficiary spending in Medicare has grown at a slightly slower rate than in the private insurance system. And over the last decade, the per-beneficiary costs in Medicaid grew much more slowly than the rest of the health care system. Indeed, in the private market for individual coverage, premiums more than doubled between the years 2000 and 2008, as insurance industry profits quadrupled.

Those facts make one thing clear – if we are going to slow the rising costs in Medicare and Medicaid without rationing care, we must slow the rising costs of health care throughout the health care system. That is exactly what the Affordable Care Act signed by President Obama two years ago will do when fully implemented.

The Affordable Care Act will begin to bring down the per capita costs of health care throughout the system – including Medicare. Yet this Republican budget will kill many of those system-wide reforms, without any plan to replace them. You said you could come up with another bill that would. In fact, Republicans supported a resolution asking committees to replace the Affordable Care Act with a plan to “lower health care premiums through increased competition and choices” and “provide people with pre-existing conditions access to affordable health coverage.” What happened?

And once again, the Republican budget doesn't reform Medicare – it deforms it. It proposes to end the Medicare guarantee, shifting rising costs onto seniors and disabled individuals. If your voucher amount is not sufficient to pay for the benefits you need, tough luck. This Republican plan simply rations health care and choice of doctor by income. And despite the claims that market competition will curb the rising costs, the plan creates an artificial cap on the value of the voucher support. Republicans say they are using the Part D Prescription Drug Plan as a model, but that program has no artificial cap. Members of Congress, who are part of the Federal Employee Health Benefit Program, have no cap on the premium support they receive from the federal government. Clearly, you don't trust the market to drive down costs – which isn't surprising, as the health insurance market failed to achieve that goal for seniors. That's why we had to create Medicare in the first place, to leverage the combined negotiating power of millions of seniors.

This Republican budget also rips apart the safety net for seniors in nursing homes and assisted living facilities, as well as low-income kids and individuals with disabilities who rely on

Medicaid. There is nothing courageous about targeting the most vulnerable in our society. Yet that is one of the biggest areas of Republican cuts. ‘Block granting’ Medicaid is simply code for deep, arbitrary cuts in support to the most vulnerable seniors, individuals with disabilities, and low-income kids. Medicaid is already underfunded, yet this budget cuts it by over \$800 billion, about a third of the Medicaid budget by 2022. Cutting it by a third isn’t repairing it – it is like saving a drowning person by throwing them an anchor.

Let’s be clear – the Republican budget doesn’t reach balance in 10 years. It doesn’t reach balance in 20 years. And your claim that it reaches balance at all is based on made-up numbers. It is not based on an analysis of any policies. As CBO says, all it does is regurgitate the figures and run the formulas specified by ‘Chairman Ryan and his staff’ – disconnected from any real world policies. The very long-term projections are make-believe and have no connection with reality.

Mr. Chairman, this Republican budget is the wrong choice for America because it does not reflect our values and priorities, which is why Democrats intend to offer our own budget next week that will stand in stark contrast to this budget’s principles. Our budget will reduce the deficit and remain true to our values. We are focused on putting Americans back to work in the short-term while also working to put in place right now a long-term plan to get our fiscal house in order. We can modernize and strengthen programs like Medicare without breaking our promises to seniors and shredding the social safety net. And we can make smart spending reductions without slashing investments in our nation’s future that will pay dividends for generations.

To govern is to choose, but the Republican budget presents a false choice that further divides our country. They provide a gilded path to prosperity for the already wealthy, while leaving working Americans and future generations behind. Instead of more of the same, we must work together on a balanced path forward that protects the promise and opportunity of the American Dream for all.

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