



U.S. HOUSE OF REPRESENTATIVES

COMMITTEE ON THE BUDGET

B-71 Cannon House Office Building, Washington, DC 20515 (202) 226-7200 ★ democrats.budget.house.gov

Chris Van Hollen
Ranking Democrat

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CONTACT:

Nu Wexler – 202-689-4295

Bridgett Frey – 202-225-5384

Van Hollen Opening Statement at Hearing on the President's FY13 Budget Request

Washington, DC – Maryland Congressman Chris Van Hollen, Ranking Member of the House Budget Committee, today delivered an opening statement at a hearing on the President's FY 2013 Budget Request with Office of Management and Budget Acting Director Jeffrey Zients. Van Hollen's opening statement, as prepared for delivery, is below.

Thank you very much, Chairman Ryan.

Welcome, Director Zients. Thank you for being here today to talk with us about the President's budget request for 2013 and the tough choices the Administration made to protect and build upon the economic recovery, while putting in place a plan to steadily reduce the deficit over the next decade.

When the President took office, he inherited the worst economic crisis since the Great Depression. The economy was in total freefall, contracting at a rate of 8.9 percent. We were losing over 800,000 jobs per month. Where are we today? With the passage of the Recovery Act, and the successful effort to save the auto industry, we've added 3.7 million private sector jobs over the last two years and over 257,000 just last month. We recognize that we still have a way to go and that too many Americans are still out of work and hurting – but we are turning the corner. We must build on this fragile recovery. We cannot go back to the policies that put us in this mess.

The fastest and most effective way to reduce our deficit is to put Americans back to work – in fact, the Congressional Budget Office recently estimated that we would cut the deficit by one-third if our economy were at full employment. How do we do it? We can begin by giving a boost to the economic recovery by passing a payroll tax cut extension and continuing to provide unemployment insurance to the millions who are out of work through no fault of their own.

The President's budget also includes other key elements of the President's American Jobs Act, which has been sitting before Congress since September. These elements include tax cuts for

small businesses and critical new investments. The budget provides \$50 billion for immediate infrastructure funding and \$10 billion for an infrastructure bank – this will allow us to put people back to work rebuilding and modernizing our schools, roads, and bridges – and it also contains a long-term plan for infrastructure development. This is a different approach from the Republican transportation bill in the House, which former Republican Congressman and Secretary of Transportation Ray LaHood has said “is the worst transportation bill I’ve seen during 35 years of public service.” It stands in stark comparison to the bipartisan bill in the Senate.

We must also act now to reduce the deficit over the next decade in a steady, predictable way. The President’s budget does that. The budget exceeds the deficit reduction targets established in the Budget Control Act of 2011, consistently lowering the deficit as a share of the economy and stabilizing the debt as a percentage of the economy. The President reaches the targets not through an automatic sequester that arbitrarily slashes defense and domestic investments, but instead with policy choices that balance the need to make wise investments to spur job growth and provide security for the middle-class with the need to put the budget on a fiscally sustainable path. The issue is not whether to reduce the deficits over the coming decade, but how. The President’s plan takes a balanced approach to reducing the deficit. It adopts the cuts to domestic spending included in the Budget Control Act. It cuts mandatory spending by over \$600 billion. But it also eliminates special interest tax breaks for corporations and the wealthiest Americans. It asks our highest earners to return to the same tax rate in place during the Clinton Administration, when the economy was booming.

It is this balance that our Republican colleagues object to. Ninety-eight percent of our Republican colleagues have signed a pledge saying they won’t close one special interest tax loophole for the purpose of deficit reduction. And because they don’t want millionaires to pay more, they seek to reduce the deficit on the backs of middle-income taxpayers and seniors. If last year’s budget is any indication, they would slash our investments in education, science and research, infrastructure – key drivers of innovation and economic growth. And their proposal last year would force seniors to absorb the rapidly rising costs of health care, end the Medicare guarantee, and whack Medicaid by over \$700 billion. So, again, the question is not whether we reduce the deficit, but how.

What the President’s budget does instead is to take a balanced approach to deficit reduction, following the framework developed by bipartisan groups such as Simpson-Bowles and Rivlin-Domenici. These groups called for a combination of spending cuts and revenue increases, while guarding against cutting spending too deeply too soon. Adopting abrupt austerity measures will only hurt the fragile economy. This isn’t just my opinion and that of these bipartisan groups – economists like Federal Reserve Chairman Ben Bernanke have also argued against immediate spending cuts that will jeopardize our economic recovery. We need to get serious about debts and deficits in this country, but we must do it in a responsible way. The President takes a balanced approach to deficit reduction.

Thank you Mr. Chairman and thank you Director Zients for coming today; I look forward to your testimony.

