

## Government Spending is Threatening our Financial Future

*"I think the biggest threat we have to our national security is our debt"*  
- Admiral Mike Mullen, Chairman of the Joint Chiefs of Staff, July 6, 2010

*"This debt is like a cancer...It is truly going to destroy the country from within."*  
- Erskine Bowles, Former Clinton White House Chief of Staff, July 11, 2010

### The Magic Number: \$14 Trillion

- America's Gross Domestic Product: \$14.4 Trillion
- America's National Debt: \$14 Trillion
- Federal Debt Limit: \$14.3 Trillion

### America's National Debt: \$14 Trillion

- The United States pays \$539 million in interest payments on the debt every single day (for comparison, that is enough to buy nearly 1,000 Mine Resistant Ambush Protected Vehicles every single day – vehicles that give our troops greater safety from IEDs).
- The White House predicts the deficit will reach \$1.5 trillion in the current fiscal year.
- While the median income for 4<sup>th</sup> District families is \$41,245, every American's share of the debt is \$45,000.
- Children born this year will incur a "birth tax" of \$45,362 - their share of the national debt.

### The Longest Jobless Streak Since The Great Depression

- Unemployment has hovered at nine percent for 21 consecutive months.
- The average unemployed person spends 36.9 weeks looking for work.
- 43.5 million Americans are on food stamps, the highest number in history
- Since the President's stimulus plan passed, our economy has **lost 6.8 million jobs**.

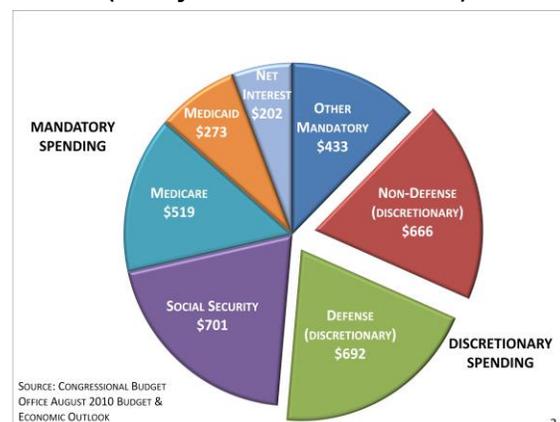
### America Doesn't Have A Revenue Problem, We Have A Spending Problem

Nationally, median family income fell by 4.2 percent from 2007 to 2011 while the federal government's budget grew by 36 percent.

**This crisis was decades in the making and we cannot bring it under control overnight. However, three critical factors will make sure the House is on track to fix the problem: The FY2011 Continuing Resolution, the 2012 Budget, and addressing the debt limit.**

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### Total Spending in 2010 = \$3.5 trillion (outlays in billions of dollars)



## Cleaning Up the Last Congress's Mess: The Continuing Resolution

Last year, House Democrats failed to pass a single appropriations bill because they were so focused on passing their Government Takeover of Health Care, failed Stimulus, and overregulation of our banking system bills. So to clean up that mess, we have to pass a temporary bill – called a Continuing Resolution, or “CR” for short.

### The CR

- only allowed us to cut spending for the next seven months;
- was our first chance to enforce spending cuts that will take effect immediately;
- was the first measure to cut spending in a meaningful way since 2006;
- was the first chance since 2006 that individual members have had to eliminate specific programs.

### The CR Makes Significant Cuts

- In proposing the CR, the Appropriations Committee cut \$100 billion out of President Obama's original 2011 budget plan and \$61 billion from last year's spending levels.
- \$81 billion comes from non-security related funding while \$19 billion comes from security related agencies.
- The CR slashed some agency budgets by as much as 40 percent

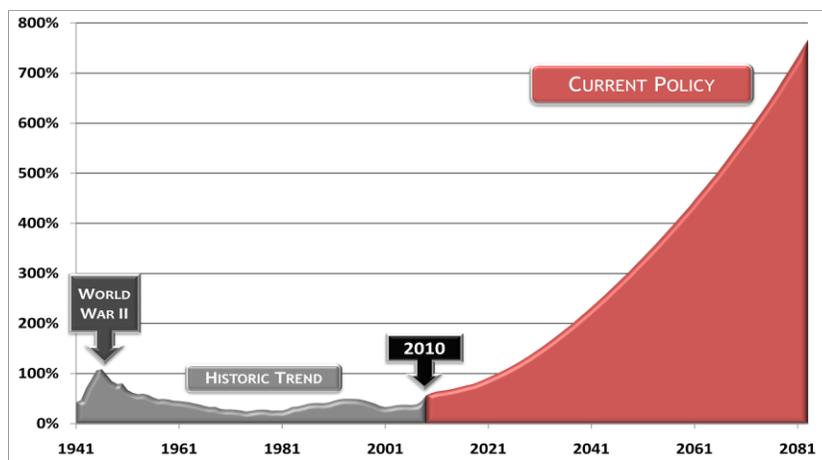
### Among The \$100 Billion In Cuts Proposed

- \$10 million from the EPA for local climate change grants;
- \$5 million from the EPA for cap and trade technical assistance;
- \$86 million from the Corporation for Public Broadcasting;
- \$8.8 million for exchanges with historic whaling partners (yes, Washington really spent your money on that);
- \$55 million from the United Nations Population Fund.

## The President Still Doesn't Get It: The FY 2012 Budget

# Obama's Tidal Wave of Debt

(Debt Held by Public as Percentage of GDP)



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On February 14th, President Obama released his 2012 budget proposal - a \$3.8 trillion debt-building, spending bill. His budget shows that while the American people are serious about tackling waste and debt, President Obama isn't.

**The President's Budget Spends Too Much:**

- The President has proposed \$3.8 Trillion in spending; 25.3 percent of GDP (the highest level since WWII).
- \$46 trillion in spending over the decade, including \$8.7 trillion in *new* spending

**The President's Budget Taxes Too Much - \$1.6 trillion in new taxes including:**

- \$919 billion in new income taxes,
- \$118 billion from a hike in the death tax,
- \$455 billion from a transportation tax hike.

**The President's Budget Borrows Too Much:**

- \$1.6 trillion deficit for FY2012; a record third straight trillion dollar deficit.
- Doubles and then triples debt held by the public since the President took office

**The President's Budget Fails To Lead:**

- The budget fails to address the drivers of our debt crisis, and our unsustainable entitlement programs.
- The budget ignores the recommendation of the President's own bipartisan fiscal commission while continuing to increase spending across the board.

**Long Term Stewardship: The Debt Limit**

Congress regularly establishes a limit on the amount of debt the country can hold. It is sort of like a limit on our national credit card. Later this year we will reach the current \$14.3 trillion limit. At that point, we will face a stark choice, either to raise the limit or default on America's debts. While I believe that America must pay its bills, we can't raise the debt limit without first addressing the spending crisis.

**What Happens If We Don't Raise The Debt Limit?** After paying debt obligations, the Federal Government would have to eliminate all spending on discretionary programs and cut 70 percent of its payments for mandatory programs like Social Security and Medicare in the second half of the current fiscal year.

**Options For Raising The Debt Limit:** Members of the House are considering how we might be able to avoid a crisis by raising the debt limit while also putting an end to the wasteful spending that forces debt levels higher and higher. Here are some of the options being considered:

- **Balanced Budget:** Tie a debt limit raise to a balanced budget amendment or a plan that would cap Federal spending at a percentage of GDP.
- **Serious Spending Cuts:** President Obama has already threatened to veto this year's CR and its billions in spending cuts. We could tie a debt limit increase to enactment of the 2011 CR.
- **Long Range Budgeting:** Tie a debt limit increase to the passage of a five year budget that will significantly cut spending and reform entitlement programs. We would then raise the debt limit just enough to accommodate the needs of a five year budget.

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