

BUDGET DISCIPLINE

The President's 2008 Budget will focus on four major reforms to spend tax dollars wisely and keep America's economy strong:

- Balance the Budget through pro-growth policies and spending restraint;
- Enact common-sense reforms to help prevent billions of taxpayer dollars from being spent on unnecessary earmarks;
- Reform entitlement programs to address the longer-term fiscal challenge facing our country;
- Hold the rate of non-security-related spending to one percent, well below the rate of inflation.

Balance the Budget through pro-growth policies and spending restraint: The five-year budget proposal will reduce the deficit over the next five years and produce a balanced budget by 2012. The Budget will achieve balance while addressing the Nation's most critical needs, including support for the Global War on Terror and sustaining the strength of our economy through permanent tax relief.

- The President's tax relief has spurred robust economic growth, millions of jobs, and rising wages.
- A strong U.S. economy is fueling higher tax revenues. Tax revenues rose 11.8 percent in FY 2006 following a 14.5 percent increase in FY 2005. Receipts have increased 35 percent since the tax relief was fully implemented in 2003, and 70 percent of the reduction in the deficit from initial projections last year was attributable to increased tax revenues.
- The deficit has been cut in half three years ahead of the President's 2009 goal. Historic revenue growth and a continued commitment to spending restraint contributed to this reduction.
- Better spending restraint is necessary to help achieve a balanced Budget. While funding the Nation's priorities, we must keep spending under control. That means restraining spending growth, doing more with less, and eliminating programs that are not getting the job done.

Enact common-sense reforms to help prevent billions of taxpayer dollars from being spent on unnecessary earmarks:

- Earmark Reform: Earmarks are provisions included in legislation that are often not subject to legislative or public scrutiny and that often lead to wasteful Federal spending. Earmarks have tripled in number over the last decade and have increased spending by billions of dollars. The President applauds Congress' progress in requiring the disclosure of the sponsors, costs, recipients, and justification for each earmark, and calls on Congress to go further by enacting comprehensive earmark reform that brings greater transparency and accountability to the Congressional budget process, including:
 - Stopping the practice of concealing earmarks in so-called report language instead of placing them in the actual language of the bill; and
 - Eliminating wasteful earmarks and cutting the number and cost of all earmarks at least in half by the end of this session.
- Legislative Line Item Veto: The legislative line item veto is a powerful tool that will help eliminate wasteful spending and strengthen transparency, while preserving the role of the legislative branch. The President strongly urges Congress to enact this common-sense provision that will help the executive and legislative branches work together to eliminate unjustified spending provisions.

Reform entitlement programs to address the longer-term fiscal challenge facing our country:

Balancing the Budget through pro-growth economic policies and spending restraint better positions us to tackle the longer-term fiscal challenge facing our country – reforming entitlements. Reforming Social Security, Medicare, and Medicaid will enable future generations to benefit from these vital programs without bankrupting our country. The President has led the way in focusing attention on this problem and in promoting real solutions, and passing legislation to enact such reforms will require bipartisan cooperation.

Hold the rate of non-security-related spending to one percent, well below the rate of inflation:

- Program Review: During the formation of the 2008 Budget, each and every program was closely reviewed and required to demonstrate alignment with the Nation's top priorities as well as whether the program was producing the intended results. Failure to meet these criteria resulted in a proposed termination or reduction, which helped maintain a sensible rate of spending increase and channel resources to programs that are high priority and deliver important results for taxpayers.
- Program Integrity: The Budget also increases resources for program integrity efforts to reduce waste, fraud, and abuse – including from improper payments in major programs to ineligible recipients.