

Rep. Marsha Blackburn' s
Fiscal Checkup:
Where We Are And Three Important Steps To Get Back
On Track

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Where We Are Now: What We're Spending And What We Owe

"I think the biggest threat we have to our national security is our debt"

- Admiral Mike Mullen, Chairman of the Joint Chiefs Of Staff 7/6/10

- 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 \$1.273 billion in interest payments on the debt every single day.
 - The White House predicts the deficit will reach \$1.5 trillion in the current fiscal year.
 - While the median income for 7th District families is \$61,387, 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.

- Two Years After The President's Stimulus Plan America Is Enduring The Longest Jobless Streak Since The Great Depression
 - Unemployment has been at 8% or higher for 23 consecutive months.
 - The average person looking for a job has been looking for 36.9 weeks
 - 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
 - Democrats increased non-security discretionary spending by 84% - including spending on the stimulus
 - The spending forced the gross national debt to increase from \$8.6 trillion to over \$14 trillion.

Government Spending Growth ^{iv} vs. Family Budget Growth ^v				
Year	Total Discretionary Spending	Non-Defense Discretionary Spending	Total Government Spending	Median Household Income
2007	\$1,040,867,000,000	\$492,986,000,000	2,728,702,000,000	\$51,965
2011	\$1,375,000,000,000	\$663,000,000,000	3,708,000,000,000	\$49,777
Change	\$334,133,000,000	\$170,014,000,000	979,298,000,000	-\$2,188
Change %	32.10%	34.50%	35.90%	-4.2%

Putting It In Perspective: The government of China holds 9.4% of our public debt. We pay \$1.273 billion in daily interest payments on that debt. At that rate and given the amount of our debt they hold, we are transferring \$119.7 million to China every single day. At that rate, China could afford to buy three new Joint Strike Fighter every week and still have \$19 million left over. Using only those left over funds, China will have enough U.S. taxpayer money to buy a brand new Gerald R. Ford class aircraft carrier to put those fighters on in under two years.

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 FY 2011 Continuing Resolution, the 2012 Budget, and addressing the debt limit.

Current Year Spending: The FY 2011 Continuing Resolution

Last year, House Democrats failed to even offer a budget for the current fiscal year. Instead, they kept the government running at inflated spending levels through continuing resolutions (CR). The President was willing only to “freeze” spending at historic highs. The CR offers us a chance to make a start on needed spending reductions- but only a start.

- What **CAN** be done with a Continuing Resolution
 - Cut wasteful spending and eliminate discretionary programs.
 - Make policy adjustments for the life of the Continuing Resolution (through September, 2011)
- What **CANNOT** be done with a Continuing Resolution
 - Cut or eliminate mandatory spending programs like Medicare, Medicaid, or ObamaCare.
 - Make changes that extend beyond the life of the CR, including government policies.
 - Eliminate more spending than originally existed in the bill. In other words, we couldn't cut more than we were planning to spend.
- House Republicans voted in the initial CR to eliminate 147 government programs, saving \$61 billion over funds spent in 2010. A full list of these programs is available in the “Tools for Taxpayers” section on my website.
- After a drawn out debate, and minutes before the government was scheduled to shut down, House Republicans and Washington Democrats found a compromise. It will cut an additional \$38 billion from current year spending; more than \$70 billion less than the President wanted to spend.
 - **REAL CUTS:** The compromise represents a real spending cut; not the usual Washington-speak cut in the projected growth of spending. The represents the largest year to year reduction in real spending since WWII.
 - **2010 SPENDING LEVELS:** The compromise forces Washington to spend \$38 billion LESS than it spent in 2010. House Republicans wanted to spend \$61 billion less, savings of hundreds of billions over the next decade.
 - **2011 SPENDING LEVELS:** The compromise forces Washington to spend over \$70 LESS than the President wanted to spend in 2011.
 - **OBAMACARE:** The compromise cuts two programs that were to be funded in 2011 that begin setting up government run health care exchanges. The Senate must take a straight up or down vote on repealing ObamaCare. The Administration will be forced to disclose the true cost of the plan under a series of studies and audits. Additional funding of the IRS has been eliminated.
 - **PRO-FAMILY:** The deal forces the Senate to debate and vote on the defunding of Planned Parenthood.
- **Across-The-Board-Cuts Proposed**
 - In addition to supporting billions in individual cuts, I led Conservatives proposing an additional 5.5% across- the-board cut for the Federal Government.
 - My amendment included an additional 11% cut from Congress' own operation funds.
 - Programmatic cuts are important to control government policy and prevent waste, but there isn't a Federal office in America that couldn't save a nickel on every dollar they spend.
 - **Across-the-board cuts** forces every department, every office, ever official to look for waste and find efficiencies. It results in a smaller, more efficient Federal Government.

Next Year Spending: The President's FY 2012 Budget

On February 14th, President Obama showed his love for spending by sending America a \$3.8 trillion Valentine. 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% 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
 - \$13 trillion added to the debt over the next decade.

- The President's Budget Fails To Lead:
 - The budget fails to address the drivers of our debt crisis, the unsustainability of our entitlement programs.
 - The budget ignores the recommendation of the President's own bipartisan fiscal commission while continuing to increase spending across the board.
 - The budget doubles the debt over the President's first term, instead of keeping his own campaign promise to cut the deficit in half.

- Republicans will do better
 - Last week Budget Chairman Paul Ryan introduced our own 2012 Budget. This *Path to Prosperity* will take bold steps to reform entitlement programs, control spending, and get our country back on track.

Long Term Stewardship: The Debt Limit

Congress regularly establishes a limit on the amount of debt the country can authorize. It is not unlike a limit on our national credit card. Soon, we will reach the \$14.3 trillion limit. At that point, we will face a stark choice, either to raise the limit or default on America's debts. I believe firmly that America must pay our bills. Default would leave taxpayers who have invested in America holding the bag, in the same way that creditors get stuck when someone declares bankruptcy. Still, we can't raise the debt limit without first addressing the spending crisis. **I oppose raising the debt limit without provisions to make sure it is the last time we raise the debt limit.**

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% of outlays for mandatory programs like Social Security and Medicare in the second half of the current fiscal year. If we default on our debt, we will actually make the debt crisis worse by causing interest rates on U.S. debt to explode.

The Full Faith And Credit Act There is uncertainty about how the Treasury will address our obligations if the debt limit is not raised. While we will continue to collect taxes to pay off some debts, we won't be able to pay all of them. Under current law, the Treasury has wide powers to decide which of those debts to pay, and which to default on. To clear the confusion, I am a co-sponsor of the Full Faith And Credit Act which requires the Treasury to prioritize interest and principal payments to debtors if Congress does not raise the debt limit.

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 I am considering:

- **Balanced Budget:** Tie a debt limit raise to a balanced budget amendment or a measure similar to the one Senator Corker has proposed that would cap Federal spending at a percentage of GDP.
- **Serious Spending Cuts:** Cuts achieved in the current year, while historic, are a drop in the bucket. We have moved passed discussing cuts in the billions and must now cut spending in the trillions. Congressman Ryan's *Plan for Prosperity* at a minimum, is a good start to the kind of reductions and eliminations we must realize ahead of any increase in the debt limit.
- **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.