

THE BUDGET MESSAGE OF THE PRESIDENT

The Budget I am proposing for 2005 is a reflection of this Nation's goals and purpose, and advances our three highest priorities. First, America will prevail in the War on Terror by defeating terrorists and their supporters. Second, we will continue to strengthen our homeland defenses. Third, this Nation is building on the economic recovery that began in earnest in 2003 with policies that further promote growth and job creation. In addition, we will continue to strengthen the domestic institutions that best express our values, and serve the basic needs of all: good schools, quality and affordable health care, and programs that promote hope and compassion in our communities. In meeting these priorities, the Government must exercise fiscal responsibility by limiting spending growth, focusing on the results of Government programs, and cutting wasteful spending.

In 2003, America made great progress in the War on Terror. Afghanistan, which once was ruled by the repressive Taliban regime, now has adopted a new constitution, taking a fundamental step on the path to democracy. In Iraq, the remnants of the Ba'athist regime are being systematically rounded up, and Iraqis are assuming responsibility for their own security and future government. Libya has pledged to disclose and dismantle all of the regime's weapons of mass destruction programs.

These victories do not change a fundamental truth: Our Nation remains at war. In this war, which began on September 11, 2001, our citizens are the strategic targets of our enemy. We have responded in two significant ways: First, we have taken the offensive to hunt down the terrorists, deny them easy refuge, identify and seize their secret finances, and hold them and their sponsors to account. Second, we have moved to secure the Nation's homeland. In 2003, the new Department of Homeland Security began operations in the biggest reorganization of the Federal Government in half a century. Over this past year, we have taken steps to reduce the terrorist threat to Americans here at home, and protect American interests overseas. This Nation has committed itself to the long war against terror. And we will see that war to its inevitable conclusion: the destruction of the terrorists.

Our Budget reflects the continuing importance of providing for the defense and security of the American people. We will continue to provide whatever it takes to defend our country by fully supporting our military, which is performing with great skill and honor in our battles overseas. We also are providing the necessary resources to our law enforcement and emergency personnel at home to meet the new threats posed by terrorists.

Just as we have taken much-needed steps to strengthen our national security, we have also pursued an aggressive agenda to promote our economic security. In 2003, we worked with the Congress to accelerate much of the tax relief that had been passed in 2001, so that Americans could keep more of their paychecks and so that businesses would have more incentive to invest in new jobs and new equipment. As a result, our economy is strong, and growing stronger. Economic output in the third quarter rose at its fastest annual pace in nearly 20 years. More manufacturers reported rising factory activity than at any point in the last 20 years. American homeownership reached its highest level ever. Employment is on the rise. By cutting tax rates on investment gains and dividend payments, we promoted saving, capital formation, and investment—and Americans' holdings in the stock market rose by almost \$3 trillion.

There is still more to do, however. We cannot be satisfied until every American looking for work has found a job. We must sustain the momentum of this recovery by making the tax relief passed in 2001 and 2003 permanent. We will continue to open markets abroad for American products. And as the economy improves, we will also confront the challenge faced by workers who must learn new skills to fill new jobs. As a Nation, we must help Americans develop the skills they need to succeed in a highly competitive, highly productive economy. And so this Budget continues to support high standards in our schools and proposes a Jobs for the 21st Century initiative to ensure older students and adults can gain the skills they need to find work now.

Economic growth and good stewardship of taxpayer dollars will help us meet another important priority: cutting the budget deficit brought on by recession and war. We must continue to evaluate each Federal program, to make sure that it meets its goals, and produces the desired results. I propose to hold discretionary spending growth below four percent, less than the average rate of growth of American family incomes. And spending unrelated to defense and homeland security will be held below one percent growth—less than the rate of inflation—while continuing to meet education, health care, and other priorities of this Nation. With this spending restraint and continued pro-growth economic policies, we can cut the deficit in half over the next five years.

Finally, this Budget addresses the needs of a great and compassionate Nation, whose values are strong, and whose institutions of hope are enduring. We are helping communities of faith pull the addicted out of dependency. We are lifting children out of a life of despair by making sure they have mentors, and we will continue to press for improvements in our schools, so that no child is left behind. We are extending hope and healing to millions suffering from the global epidemic of AIDS. We will begin to implement the benefits of our Medicare modernization and reform law, which will bring all our seniors coverage for prescription drugs. And we will make health care more affordable and extend the full benefits of our health care system to more Americans who currently have no health insurance.

Meeting these priorities will require hard work, skill, and the resources of a great Nation. Yet America has always risen to new challenges, and has always set new goals. Challenge and change have revealed the true strengths of this Nation and the enterprise of its people. And as 2004 begins, I am confident those gifts will serve us again, until our work is done.

GEORGE W. BUSH
February 2, 2004

THE BUDGET MESSAGE OF THE PRESIDENT

Over the previous four years, we have acted to restore economic growth, win the War on Terror, protect the homeland, improve our schools, rally the armies of compassion, and promote ownership. The 2006 Budget will help America continue to meet these goals. In order to sustain our economic expansion, we must continue pro-growth policies and enforce even greater spending restraint across the Federal Government. By holding Federal programs to a firm test of accountability and focusing our resources on top priorities, we are taking the steps necessary to achieve our deficit reduction goals.

Our Nation's most critical challenge since September 11, 2001, has been to protect the American people by fighting and winning the War on Terror. Overseas and at home, our troops and homeland security officials are receiving the funding needed to protect our homeland, bring terrorists to justice, eliminate terrorist safe havens and training camps, and shut down their financing.

In Afghanistan and Iraq, we are helping establish democratic institutions. Together with our coalition partners, we are helping the Afghan and Iraqi people build schools, establish the rule of law, create functioning economies, and protect basic human rights. And while the work is dangerous and difficult, America's efforts are helping promote societies that will serve as beacons of freedom in the Middle East. Free nations are peaceful nations and are far less likely to produce the kind of terrorism that reached our shores just over three years ago.

To ensure our security at home, the 2006 Budget increases funding for anti-terrorism investigations; border security; airport and seaport security; nuclear and radiological detection systems and countermeasures; and improved security for our food supply and drinking water.

This Budget also promotes economic growth and opportunity. We must ensure that America remains the best place in the world to do business by keeping taxes low, promoting new trade agreements with other nations, and protecting American businesses from litigation abuse and overregulation. To make sure the entrepreneurial spirit remains strong, the Budget includes important initiatives to help American businesses and families cope with the rising cost of health care. This Budget funds important reforms in our schools, and promotes homeownership in our communities. In addition, the 2006 Budget supports the development of technology and innovation throughout our economy.

The 2006 Budget also affirms the values of our caring society. It promotes programs that are effectively providing assistance to the most vulnerable among us. We are launching innovative programs such as Cover the Kids, which will expand health insurance coverage for needy children. We are funding global initiatives with unprecedented resources to fight the HIV/AIDS pandemic, respond to natural disasters, and provide humanitarian relief to those in need. The 2006 Budget continues to support domestic programs and policies that fight drug addiction and homelessness and promote strong families and lives of independence. And in all our efforts, we will continue to build working relationships with community organizations, including faith-based organizations, which are doing so much to bring hope to Americans.

In every program, and in every agency, we are measuring success not by good intentions, or by dollars spent, but rather by results achieved. This Budget takes a hard look at programs that have not succeeded or shown progress despite multiple opportunities to do so. My Administration is pressing for reforms so that every program will achieve its intended results. And where circumstances warrant, the 2006 Budget recommends significant spending reductions or outright elimination of programs that are falling short.

This Budget builds on the spending restraint we have achieved, and will improve the process by which the Congress and the Administration work together to produce a budget that remains within sensible spending limits. In every year of my Administration, we have brought down the growth in non-security related discretionary spending. This year, I propose to go further and reduce this category of spending by about one percent, and to hold the growth in overall discretionary spending, including defense and homeland security spending, to less than the rate of inflation. I look forward to working closely with the Congress to achieve these reductions and reforms. By doing so, we will remain on track to meet our goal to cut the deficit in half by 2009.

Our greatest fiscal challenges are created by the long-term unfunded promises of our entitlement programs. I will be working with the Congress to develop a Social Security reform plan that strengthens Social Security for future generations, protects the benefits of today's retirees and near-retirees, and provides ownership, choice, and the opportunity for today's young workers to build a nest egg for their retirement.

In the past four years, America has faced many challenges, both overseas and at home. We have overcome these challenges not simply with our financial resources, but with the qualities that have always made America great: creativity, resolve, and a caring spirit. America has vast resources, but no resource is as abundant as the strength of the American people. It is this strength that will help us to continue to prosper and meet any challenge that lies before us.

GEORGE W. BUSH
February 7, 2005

THE BUDGET MESSAGE OF THE PRESIDENT

America's economy is growing at a healthy pace, and more Americans are working than ever. In the face of a series of challenges, including most recently devastating natural disasters, Americans have stood firm, and America's economy has demonstrated its strength and resilience time and again.

My Administration has focused the Nation's resources on our highest priority: protecting our citizens and our homeland. Working with Congress, we have given our men and women on the frontlines in the War on Terror the funding they need to defeat the enemy and detect, disrupt, and dismantle terrorist plots and operations. We continue to help emerging democracies in Afghanistan and Iraq stand on their own. As the Afghan and Iraqi peoples assume greater responsibility for their own security and for defeating the terrorists, our troops will come home with the honor they have earned.

My Administration has responded to major economic challenges by following this vital principle: the American economy grows when people are allowed to keep more of what they earn, to save and spend as they see fit. The results are clear.

Since May 2003, when I signed into law major tax relief, America has added more than four and a half million new jobs. Productivity is high, disposable income is up, household wealth is at record levels, consumer confidence has climbed, small businesses are expanding, and more Americans own their homes than at any time in our Nation's history.

Our economy is the envy of the industrialized world. To build and maintain our competitive edge, my Administration has a broad agenda to promote America's long-term economic strength. We are opening new markets to American-made goods and services through trade agreements. We are proposing reforms to prevent needless litigation and burdensome regulations. Through major reforms of our public schools, we are preparing our children to compete and succeed in the global economy. And my Budget includes an American Competitiveness Initiative that targets funding to advance technology, better prepare American children in math and science, develop and train a high-tech workforce, and further strengthen the environment for private-sector innovation and entrepreneurship.

In our efforts to keep our economy strong and competitive, we will resist calls to raise taxes on America's workers, families, and businesses. Unless we act to make tax relief permanent, income tax rates eventually will rise, the marriage penalty will climb, the child tax credit will be cut, savers and investors will be hit with higher taxes, and the death tax will come back to life.

With a growing economy, tax receipts are on the rise, helping to bring down the deficit in 2005. To stay on track to meet my goal of cutting the deficit in half by 2009, we must maintain our pro-growth policies and insist on spending restraint.

Last year, I proposed to hold overall discretionary spending growth below the rate of inflation—and Congress delivered on that goal. Last year, I proposed that we focus our resources on defense and homeland security and cut elsewhere—and Congress delivered on that goal. And also last year, my Budget proposed major cuts in or eliminations of 154 programs that were not getting results and not fulfilling essential priorities. Thanks to the work of Congress, we delivered savings to the taxpayer of \$6.5 billion on 89 of my Administration's recommendations.

The 2007 Budget builds on these efforts. Again, I am proposing to hold overall discretionary spending below the rate of inflation and to cut spending in non-security discretionary programs below 2006 levels. My Administration has identified 141 programs that should be terminated or significantly reduced in size. To help bring greater accountability and transparency to the budget process, my Budget proposes reforms so that firm spending limits are put in place, and public funds are used for the best purposes with the broadest benefits.

The 2007 Budget also continues our efforts to improve performance and make sure the taxpayers get the most for their money. My Administration expects to be held accountable for significantly improving the way the Government works. In every program, and in every agency, we are measuring success not by good intentions or by dollars spent, but rather by results achieved.

In the long term, the biggest challenge to our Nation's fiscal health comes from unsustainable growth in entitlement spending. Entitlement programs such as Social Security and Medicare are growing faster than our ability to pay for them, faster than the economy, faster than the rate of inflation, and faster than the population. As more baby boomers retire and collect their benefits, our deficits are projected to grow. There will be fewer people paying into the system, and more retirees collecting benefits. These unfunded liabilities will put an increasing burden on our children and our grandchildren. We do not need to cut these programs, but we do need to slow their growth. We can solve this problem and still meet our Nation's commitment to the elderly, disabled, and poor.

Acting on my recommendations, both houses of Congress have taken an important first step, passing legislation that would produce \$40 billion in savings from mandatory programs and entitlement reforms—the first such savings in nearly a decade. My Budget builds on this progress by proposing \$65 billion more in savings in entitlement programs.

My Budget also includes proposals to address the longer-term challenge arising from unsustainable growth in Medicare, while ensuring modern health care for our seniors. In addition, I will continue to call on Congress to enact comprehensive reform of Social Security for future generations, so that we return the system to firm financial footing, protect the benefits of today's retirees and near-retirees, provide the opportunity for today's young workers to build a secure nest egg they can call their own, and assure our children and grandchildren a retirement benefit that is as good as is available today.

As this Budget shows, we have set clear priorities that meet the most pressing needs of the American people while addressing the long-term challenges that lie ahead. The 2007 Budget will ensure that future generations of Americans have the opportunity to live in a Nation that is more prosperous and more secure. With this Budget, we are protecting our highest ideals and building a brighter future for all.

GEORGE W. BUSH
February 6, 2006

THE BUDGET MESSAGE OF THE PRESIDENT

America is a country of opportunity. Throughout our history, we have overcome great challenges by drawing on the strength, creativity, and resolve of the American people. We have adapted to change—while maintaining our commitment to freedom and an open economy.

Our economy is strong and growing, Federal revenues are robust, and we have made significant progress in reducing the deficit. The Budget I am presenting achieves balance by 2012. My formula for a balanced budget reflects the priorities of our country at this moment in its history: protecting the homeland and fighting terrorism, keeping the economy strong with low taxes, and keeping spending under control while making Federal programs more effective.

As Commander in Chief, my highest priority is the security of our Nation. My Budget invests substantial resources to fight the Global War on Terror, and ensure our homeland is protected from those who would do us harm. We will transform our military to meet the new threats of the 21st Century and provide the brave men and women on the front lines with the resources they need to be successful in this decisive ideological struggle. The Budget will support a new strategy in Iraq that demands more from Iraq's elected government, and gives American forces in Iraq the reinforcements they need to complete their mission. And it will continue to provide the tools necessary to keep America safe by detecting, disrupting, and dismantling terrorist plots.

The U.S. economy is strong. Since August 2003, 7.2 million jobs have been created. Unemployment is low. Wages are growing. Productivity is strong. Inflation and interest rates are low. And we have seen tremendous progress despite a series of challenges, including recession, the terrorist attacks of 2001, corporate scandals, the costliest natural disaster in our Nation's history, energy price spikes, and a temporary slowdown in the housing sector. The resilience of our economy is a tribute to America's workers and entrepreneurs. And well-timed, pro-growth tax policies helped create the right climate for innovation and entrepreneurship.

The Federal deficit is declining and on a path to elimination. Last year, we successfully met our goal of cutting the deficit in half, three years ahead of schedule. This occurred because tax relief helped the economy to recover and grow, resulting in record-high revenues while we restrained non-security discretionary spending. With continued strong economic growth and spending discipline, we are now positioned to balance the budget by 2012, while providing for our national security and making tax relief permanent.

My Budget proposes to keep non-security discretionary spending below inflation for the next five years. My Budget also reforms projects and spending that don't get the job done. We need lawmakers'support to help us accomplish this goal—including reforms that will improve the Congressional budget process.

To bolster public confidence in the Government's ability to manage taxpayers' money successfully, Congress should adopt earmark reform. The earmark process should be made more transparent, ending the practice of concealing earmarks in so-called report language never included in legislation. The number and cost of earmarks should be cut by at least half by the end of this session. I have also called on Congress to adopt the legislative line-item veto, which gives the Legislative and Executive Branches a tool to help eliminate wasteful spending. These common-sense reforms will help prevent billions of taxpayers' dollars from being spent on unnecessary and unjustified projects.

To keep this economy strong we must take on the challenge of entitlements. Social Security, Medicare, and Medicaid are commitments of conscience, and so it is our duty to keep them permanently sound. If we do not address this challenge, we will one day leave our children with three bad options: huge tax increases, huge deficits, or huge and immediate cuts in benefits.

In the short term, my Budget works to slow the rate of growth of these programs, saving \$96 billion over five years. This Administration is also actively working with Congress to comprehensively reform and improve these vital programs so they will be strong for the next generations of Americans.

I am optimistic about the future of our country. We are an entrepreneurial and hard-working Nation. And while we face great challenges, we enjoy great opportunities. This Budget reflects our highest priorities while reducing the deficit and achieving a balanced budget by 2012. I am confident that this approach will help make our country more secure and more prosperous.

GEORGE W. BUSH
February 5, 2007

THE BUDGET MESSAGE OF THE PRESIDENT

TO THE CONGRESS OF THE UNITED STATES:

At www.budget.gov, Americans will find the budget of the Federal Government for Fiscal Year 2009. Two key principles guided the development of my Budget—keeping America safe and ensuring our continued prosperity.

As we enter this New Year, our economy retains a solid foundation despite some challenges, revenues have reached record levels, and we have reduced the Federal deficit by \$250 billion since 2004. Thanks to the hard work of the American people and spending discipline in Washington, we are now on a path to balance the budget by 2012. Our formula for achieving a balanced budget is simple: create the conditions for economic growth, keep taxes low, and spend taxpayer dollars wisely or not at all.

As Commander in Chief, my highest priority is the security of the American people. So my Budget invests substantial resources to protect the United States from those who would do us harm. Continuing our Nation's efforts to combat terrorism around the globe, my Budget provides our men and women in uniform the tools they need to succeed in Afghanistan and Iraq, and it furnishes the resources needed for our civilians to help those nations achieve economic and political stabilization. My Budget also strengthens our overseas diplomatic capabilities and development efforts, advances our political and economic interests abroad, and improves the lives of people around the world.

Here at home, we are blessed to live in a country that rewards hard work and innovation. In our flexible and dynamic economy, people can pursue their dreams, turn ideas into enterprises, and provide for their families.

As we look back over the past 7 years, we see the economy has successfully responded to substantial challenges, including a recession, terrorist attacks, corporate scandals, wars, and devastating natural disasters. It is a measure of our economy's resilience and the effectiveness of pro-growth policies that our economy has absorbed these shocks, grown for 6 straight years, and had the longest period of uninterrupted job growth on record. Yet mixed indicators confirm that economic growth cannot be taken for granted. To insure against the risk of an economic downturn, I will work with the Congress to pass a growth plan that will provide immediate, meaningful, and temporary help to our economy.

Americans have real concerns about their ability to afford healthcare coverage, pay rising energy bills, and meet monthly mortgage payments. They expect their elected leaders in Washington to address these pressures on our economy. So my Budget puts forth proposals to make health care more affordable and accessible, reduce our dependence on oil, and help Americans struggling to keep their homes.

Above all, my Budget continues the pro-growth policies that have helped promote innovation and entrepreneurship. I will not jeopardize our country's continued prosperity with a tax increase. Higher taxes would only lead to more wasteful spending in Washington—putting at risk both economic growth and a balanced budget.

As we work to keep taxes low, we must do more to restrain spending. My Budget proposes to keep non-security discretionary spending growth below 1 percent for 2009 and then hold it at that level for the next 4 years. It also cuts spending on projects that are not achieving results—because good intentions alone do not justify a program that is not working.

One of the best ways to reduce waste and increase accountability is to make Federal spending more transparent. To help Americans see where their money is being spent, we have launched a website called *www.USAspending.gov*, and to help Americans see the kind of results they are getting for their money, we launched *www.ExpectMore.gov*. I invite all Americans to log on and find out for themselves how their hard-earned tax dollars are being spent.

Billions of those tax dollars go to something called earmarks. Earmarks are special-interest items that are slipped into big spending bills or committee reports, often at the last hour, without discussion or debate. Last January, I asked the Congress to reform earmarks, and lawmakers took some modest steps in that direction. But they failed to end the practice of concealing earmarks in report language—and they continued to fund thousands of them. So I will take steps to advance earmark reform. I also call on the Congress to adopt the legislative line-item veto, which gives the legislative and executive branches a tool to help eliminate wasteful spending. Common-sense reform will help prevent billions of taxpayers' dollars from being spent on unnecessary and unjustified projects.

As we take these steps to address discretionary spending, we also need to confront the biggest challenge to the Federal budget: the unsustainable growth in entitlement spending. Many Americans depend on programs like Social Security, Medicare, and Medicaid, and we have an obligation to make sure they are sound for our children and grandchildren. If we do not address this challenge, we will leave our children three bad options: huge tax increases, huge deficits, or huge cuts in benefits. The longer we put off the problem, the more difficult, unfair, and expensive a solution becomes.

My Budget works to slow the rate of growth of these programs in the short term, which will save \$208 billion over 5 years. This step alone would reduce Medicare's 75-year unfunded obligation by nearly one-third. My Administration cannot solve this problem alone, though. We need a commitment from the Congress to reform and improve these vital programs so they can serve future generations of Americans.

In my 2009 Budget, I have set clear priorities that will help us meet our Nation's most pressing needs while addressing the long-term challenges ahead. With pro-growth policies and spending discipline, we will balance the budget in 2012, keep the tax burden low, and provide for our national security. And that will help make our country safer and more prosperous.

GEORGE W. BUSH

THE WHITE HOUSE,

February 4, 2008.