



# Committee On Finance

Max Baucus, Ranking Member

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## NEWS RELEASE

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### **Baucus Comments on Administration's Fiscal Year 2005 Budget**

"The president has laid out an ambitious agenda in his FY2005 budget and I appreciate his stated goal of cutting the deficit in half over five years. But I'm concerned that his budget won't fully accomplish that goal and will leave our children and grandchildren struggling under a mountain of debt.

One of my main concerns with the Administration's budget is the push for permanency of all 2001 and 2003 tax cuts. I was a supporter of the 2001 tax cut legislation and believe it has made a difference to our economy. But our fiscal picture is much different than it was in 2001, with deficit numbers falling deeper and deeper into the red.

It would be much more fiscally responsible to examine each tax cut on a case by case basis, as they approach expiration. There are certainly provisions that make sense to extend, but let's examine those when the time comes. In addition, we must ensure that any additional spending is offset when the economy is this deep in the red. I encourage the president to take another look at our deficit before pushing for an unpaid, permanent, broad extension of the tax cuts.

In relation to our homeland security and military, I'm pleased that the president includes increased funding, but I'm bothered by the fact that funds aren't included specifically for our troops in Iraq and Afghanistan. Funding this important should not be handled in mid-year emergency spending measures.

Another significant portion of the president's budget involves the creation of Lifetime Savings Accounts and Retirement Savings Accounts. This proposal is a revenue raiser in the short run, but it will be very expensive 20 years from now. The Administration's proposal would increase the amount individuals can contribute to savings accounts, but over 90 percent of Americans do not currently reach their contribution limits. Instead of providing more savings tools for those who are already saving, I would rather focus on ways we can help those who otherwise can't afford to save to do so, like the Saver's Credit. We must work toward common sense retirement planning tools that help all Americans, rather than a select few.

Finally, I encourage the president to more effectively ensure that all Americans have access to affordable health insurance. In 2002, I proposed employer health insurance tax credits to help small businesses provide health coverage for their employees. The proposal the president has outlined could result in leaving people to deal with the costly individual insurance market without providing them sufficient assistance to purchase adequate coverage.

We have an incredible number of responsibilities, with a limited amount of funds. I encourage the President to fully examine our fiscal situation and to make responsible and prudent spending decisions that are in line with our priorities of boosting the economy, planning for our children's future, improving our nation's health care, and protecting our homeland. National defense spending will continue to be a significant piece of the budget for the near future. Our domestic and international responsibilities are significant - we must choose our spending priorities wisely. "

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