



For Immediate Release  
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**Hearing Statement of Senator Max Baucus (D-Mont.)  
Regarding the President's FY 2011 Budget**

In 1958, former President Harry Truman said: "It's a recession when your neighbor loses his job; it's a depression when you lose yours."

For more than seven million Americans, this Great Recession has been a Great Depression. The American economy has lost more than seven million jobs since the Great Recession began.

The nonpartisan Congressional Budget Office tells us that the Recovery Act that we enacted last year added between 600,000 and 1.6 million jobs. CBO says that the Recovery Act lowered the unemployment rate by between 0.3 and 0.9 percentage points, from where it would have been.

Plainly, there's more work to do. Plainly, creating jobs must be our top priority.

We need to work on legislation that will create jobs. And we need to work across the aisle, so that the legislation on which we work can become law.

Yesterday, the President released his budget. Appropriately, the budget focuses on job creation.

The President calls for a job creation tax credit for small businesses. This credit would encourage businesses to hire. I note that two Members of this Committee — Senators Schumer and Hatch — have advanced a similar proposal.

The budget proposes to increase incentives for investment by small businesses in plants and equipment. These investments would also help to create jobs. The President recommends extending the provisions for enhanced section 179 expensing and bonus depreciation.

And the budget would also encourage investment by excluding from income all capital gains from certain small business stock held for more than five years. I note that two Members of this Committee — Senators Kerry and Snowe — have advanced a similar proposal.

And to help family businesses, ranches, and farms to avoid laying off their workers, the President's budget would provide certainty under the estate tax. I note that several Members of this Committee — notably Senators Lincoln, Cantwell, and Kyl — have been working hard on their proposals in this area, as well.

I support the President's tax cut proposals for job creation. I look forward to working with my Colleagues on both sides of the aisle on these measures.

In addition to these administration proposals to create jobs, I have a proposal to create jobs by increasing small business lending through the Community Development Financial Institutions network. These non-profit lenders serve communities by providing access to capital to small businesses to help create jobs.

And as we seek to find sources of sustained economic growth, I note that we must also push to open new markets to U.S. exports.

The President's budget also calls for \$265 billion to accelerate economic recovery and help families, businesses, and state governments to get through this recession.

The budget also focuses on the economic security of middle-income Americans.

The budget makes permanent many of the tax cuts enacted in 2001 and 2003. These include lower individual income tax rates, family tax incentives like the child tax credit, and education incentives like the student loan interest deduction.

In addition, the President's budget would expand the child and dependent care credit, almost doubling it for middle-income families.

The President's budget also provides for permanent Alternative Minimum Tax relief. Without the relief proposed by the President, more and more middle income taxpayers would be paying this tax every year.

I support these tax cuts proposed by the administration, as well. And I look forward to working with my Colleagues on both sides of the aisle on these measures, as well.

Of course, another role for the budget is to measure the fiscal state of the country.

Many budget experts believe that when the economy is at full employment, annual deficits should not cause debt held by the public to rise as a share of the economy. Using this yardstick means keeping annual deficits at or below three percent of GDP.

Currently, we are far from full employment. But let's look at fiscal years 2014 to 2020. If no policies change, the budget deficit will be 5.1 percent of GDP in fiscal year 2014 and will grow to 5.6 percent of GDP by fiscal year 2020.

These deficits would cause debt held by the public to rise as a share of GDP. To address these challenges, the President's budget proposes a number of policies that would significantly reduce the size of these future deficits.

The President proposes to freeze the total funding for annually appropriated non-security programs for three years.

And the President proposes a fee on large financial institutions to recoup projected taxpayer losses from the TARP program.

When you add up all the budgetary pluses and minuses from the President's policy proposals, you get about \$2 trillion of net deficit reduction over the 10-year period of fiscal year 2011 to fiscal year 2020.

This leads to a deficit of 3.9 percent of GDP in fiscal year 2014 and of 4.2 percent of GDP in 2020. These deficits are an improvement from doing nothing. But these deficits still remain unacceptably high.

I note the Obama Administration has decided to issue an Executive Order to create a bipartisan commission to recommend how to reduce Federal deficits. I hope that the commission can recommend proposals that achieve significant fiscal savings, and that many of these proposals can be enacted into law.

We face a daunting problem for our fiscal policy over the long run, not just the next 10 years. Budget analysts make clear that a primary cause of this explosion is that health care costs are growing faster than the economy.

The solution to this problem is to enact comprehensive health care reform that includes serious cost containment. And that is exactly what we are trying to do.

According to the non-partisan Congressional budget Office, the Senate-passed health care bill would reduce deficits by \$132 billion during the next 10 years. And it would cut deficits by \$650 billion to \$1.3 trillion during the second 10 years.

I look forward to working with my Colleagues in both the House and the Senate to enact comprehensive health care reform.

There is much work to do.

And so, let us continue to work on legislation to create jobs. Let us, as much as possible, work across the aisle, so that the legislation on which we work can become law. And let us get to work now.

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