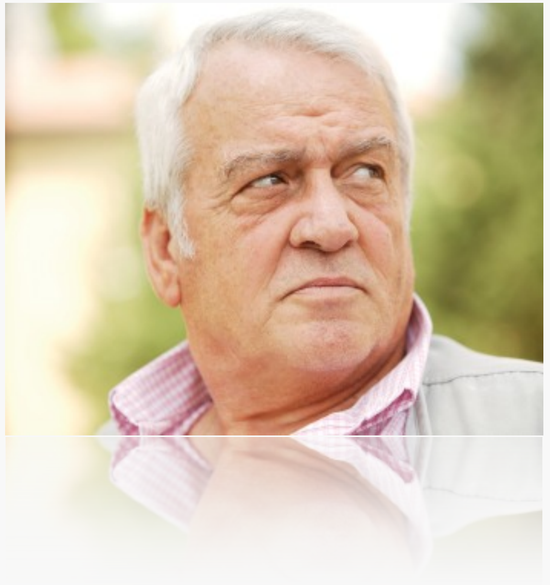
Budget Messaging

Washington doesn't have a taxing problem, it has a spending problem.

How to effectively promote and defend the House Republican Budget

Win The Battle At 30,000 Feet -- <u>Not</u> In The Trenches

Humanize the Debate



"I have never felt so embarrassed and ashamed about anything I have done in my life as I do about leaving this mess in the laps of Tyler and Kaytlin, my precious grandkids. I have written both of them a heartfelt apology for them to read when they get old enough to understand what I allowed our country's governing authority to do to them."

Rich
Winnsboro, Texas

Humanize the Debate

"I could not hire more employees or expand my business, and I would definitely have to close up shop. As a small business owner, I am very afraid of my future."

Dianne
Kaufman, Texas

Play

Not

Playing Offense: Medicare

- The President's budget ends Medicare as we know it by raiding over $500 billion from Medicare and ensuring it's bankruptcy.

- The President's budget empowers an unaccountable board of 15 bureaucrats to cut Medicare in ways that result in restricted access and denied care for current seniors.

Playing Offense: Deficits

- The President's budget contains four straight trillion-dollar deficits;
- Breaks promise to cut deficit in half by end of first term;
- The president's budget never balances

Playing Offense: National Security

- The President's budget slashes defense spending by nearly $500 billion;
- Threatens additional cuts by refusing to specify plan of action to address the sequester;
- Forces troops and military families to pay the price for Washington's refusal to address drivers of debt.

Playing Offense: Taxes

- The President's budget imposes a $1.9 trillion tax increase;
- Adds new complexity and new hurdles for hardworking taxpayers;
- Makes it more difficult to expand economic opportunity and jobs.

The President's Budget - Deficits

"Today I'm pledging to cut the deficit we inherited in half by the end of my first term in office."

President Barack Obama, February 23, 2009

The President's Budget - Debt

- Since President Obama took office, the national debt has increased by $5 trillion or almost 50 percent in just three years.
- President Obama has increased the deficit by 190 percent, presided over the three largest deficits in history, and piled up more debt than every president from George Washington to Bill Clinton combined.

The President's Budget - Spending

"We've got to spend some money now to pull us out of this **recession.**"

President Barack Obama, February 12, 2009

The President's Budget - Spending

Over ten years, the president's budget would increase the size of the federal government by 53 percent.

The President's Budget - Spending

The budget would spend $3.803 trillion in 2013 or 24.3 percent of GDP. This would be the second highest amount of government spending in history.

Ten Year Agency Growth Rates

(Dollar Figures in Millions)

Agency	2002 Funding	2012 Funding	Dollar Growth	Percentage Growth
Department of Agriculture	$68,622	$150,680	$82,058	120%
Department of Education	$46,373	$98,467	$52,094	112%
Department of Housing and Urban Development	$31,788	$56,788	$25,000	79%
Department of Labor	$64,686	$127,157	$62,471	97%
Department of Energy	$17,669	$38,998	$21,329	121%
Department of Transportation	$56,252	84,135	$27,883	50%
Department of Health and Human Services	$465,326	$871,836	$406,510	87%

Source: Office of Management and Budget

MSU

The President's Budget - Deficits

Despite the president's promise to cut the deficit in half in four years, the deficit has grown by 190 percent.

The President's Budget - Deficits

- 2012 will mark the fourth consecutive year under President Obama with a deficit of more than $1 trillion.
- Before President Obama took office, the highest deficit ever was $458 billion.

The President's Budget - Deficits

Under this budget, President Obama will have been responsible for the five highest deficits of all time:

$1.413 trillion in 2009.

$1.294 trillion in 2010.

$1.299 trillion in 2011.

$1.327 trillion in 2012.

$901 billion in 2013.

Taxes—The President's Budget Punishes Job Creators and Protects His Political Allies

- The President's budget contains the largest tax increase in U.S. history by imposing $1.9 trillion in tax increases on American families and job creators at the worst possible time.
- The President's budget protects tax subsidies and special interest carve outs for companies like Solyndra.

Taxes—The President's Budget Punishes Job Creators and Protects His Political Allies

- The President's budget would increase the top two income tax brackets from 33 percent to 36 percent and from 35 percent to 39.6 percent. The effects of marginal tax-rate increases would impose economic harm on all Americans.

- Small businesses are responsible for almost two thirds of the jobs created in the United States in the past 15 years, and almost 50 percent of small-business profits are taxed at the top two rates.

Taxes—The President's Budget Punishes Job Creators and Protects His Political Allies

- The Republican budget creates 2 low individual tax rates to promote growth and it rolls back all the special interest carve outs and subsidies in order to make the tax code simpler, flatter, fairer and more globally competitive.
- True pro-growth tax reform doesn't let Washington choose winners or losers and it does not impose the largest tax increase on small businesses in American history.

The President's Budget Has Been Panned By Editorial Boards Across The Country

The Washington Post

"...Mr. Obama's proposed budget for fiscal year 2013 falls short. At the end of the 10-year budget window, he would have the national debt at a disturbing 76.5 percent of gross domestic product... **The final budget of his first term does not reflect the leadership on issues of debt and deficit that Mr. Obama once vowed."**

Los Angeles Times

"...it's past time for the administration to lay out a credible plan for bringing the deficit and debt under control. **Sadly, Obama's budget proposal shows that he'd rather wait until after the election to have that reckoning."**

“Obama’s budget plan leaves debt bomb ticking… The best test of a budget proposal these days is whether it reins in the national debt… The election-year budget President Obama sent to Congress on Monday fails that test.”

BOSTON Herald

“President Barack Obama has apparently decided that he is not going to be part of the solution to the nation’s enormous deficit — which would make him, yes, part of the problem.”

House Republicans have a Plan for America's Job Creators.

The Republican Budget: Job Creation, Economic Certainty, and Growth

The Republicans Budget:

- Promotes job creation and certainty by preventing the President's tax increases
- Caps taxes for individuals and job creators and makes the tax code fairer, flatter, and simpler
- Removes new job-destroying regulations
- Repeals the government takeover of health care
- Stops spending money we don't have
- Puts the budget on a path to balance
- Preserves Medicare for future generations

The Republican Budget: Job Creation, Economic Certainty, and Growth

	The House GOP Budget	The President's Budget
Taxes	Promotes growth by lowering tax rates and making the tax code fairer and flatter for families and small businesses	Destroys jobs by increasing taxes on small businesses and families by $1.9 trillion

The Republican Budget: Job Creation, Economic Certainty, and Growth

	The House GOP Budget	The President's Budget
Spending	Gives job-creators certainty by stopping Washington from spending money it does not have on programs that do not work	Continues the job-destroying spending spree by spending nearly $47 trillion over the next ten years

The Republican Budget: Job Creation, Economic Certainty, and Growth

	The House GOP Budget	The President's Budget
Deficits	Immediately reduces the deficit and brings it below one trillion dollars and balances the budget and pays off the debt over the long-run	Instead of cutting the deficit in half as promised, it delivers a deficit of over $1 trillion for the fourth in a row and ensures the budget would never balance again

The Republican Budget: Job Creation, Economic Certainty, and Growth

	The House GOP Budget	The President's Budget
Debt	Gives job creators certainty by putting the budget on a path to balance and begins to pay off our job-destroying national debt	Adds over $11 trillion to the national debt and ignores the drivers of debt and economic uncertainty, bringing America perilously close to a European-style crisis

The Republican Budget: Job Creation, Economic Certainty, and Growth

	The House GOP Budget	The President's Budget
Medicare	Saves and preserves Medicare for future generations in a way that makes by no changes for those 55 and older and provides increased Medicare funding every year	Propose no meaningful reforms that would alter the long-term trajectory of Medicare spending, which the administration's own HHS Secretary has called "unsustainable"

Democrat Charges Against The House GOP Budget

- This budget would result in increased premiums for seniors.
- This budget would end guaranteed Medicare coverage and puts seniors at the mercy of the private market.
- This budget will not bend the health care cost curve. It puts the cost of senior's healthcare in the hands of greedy insurance companies.

Democrat Charges Against The House GOP Budget

- This budget would end the federal safety net for these vulnerable populations and place the burden of their care on states or their families.

- Republicans have already cut taxes for the rich and the economy got worse, not better.

- Investments to help the economy grow stronger will be compromised by this budget, a recipe for national decline.

Democrat Charges Against The House GOP Budget

- This budget contains no job creation proposals.
- This budget punishes the middle class and poor people.
- This budget rewards companies that ship jobs overseas.

Democrat Charges Against The House GOP Budget

- This budget would break the pledge made by the Budget Control Act to provide $1.047 trillion in discretionary spending this year.

- This budget does not address the fiscal crisis in a balanced way with both taxes and spending.

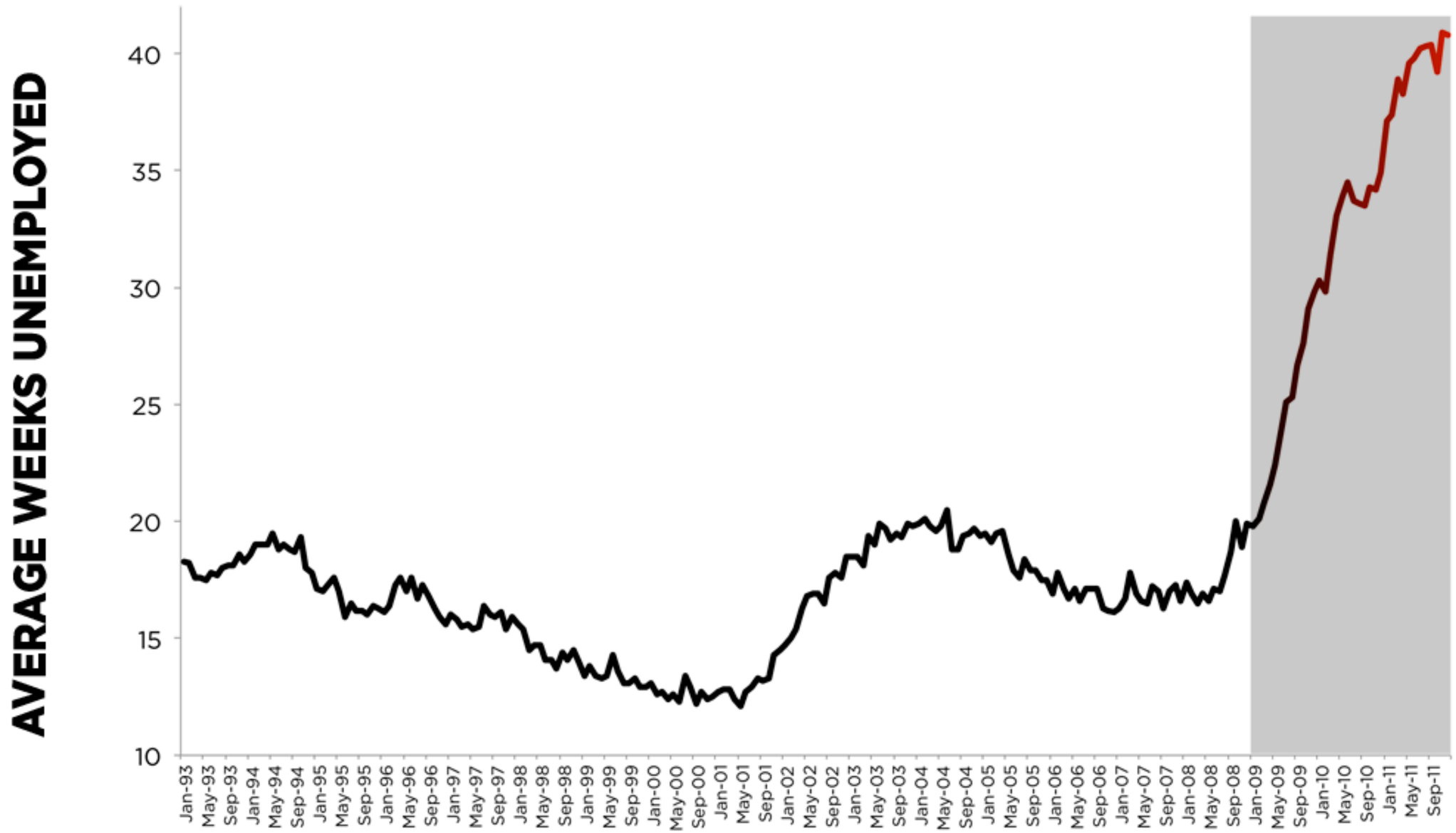
- This budget hurts seniors and individuals with disabilities while helping the very wealthy.

Democrat Charges Against The House GOP Budget

- Millionaires get an additional tax break under this budget.
- This is a political document and we shouldn't play politics with the nation's fiscal future.
- This budget protects subsidies for oil companies and subsidizes the ultra-wealthy.

UNEMPLOYMENT IN THE OBAMA ECONOMY

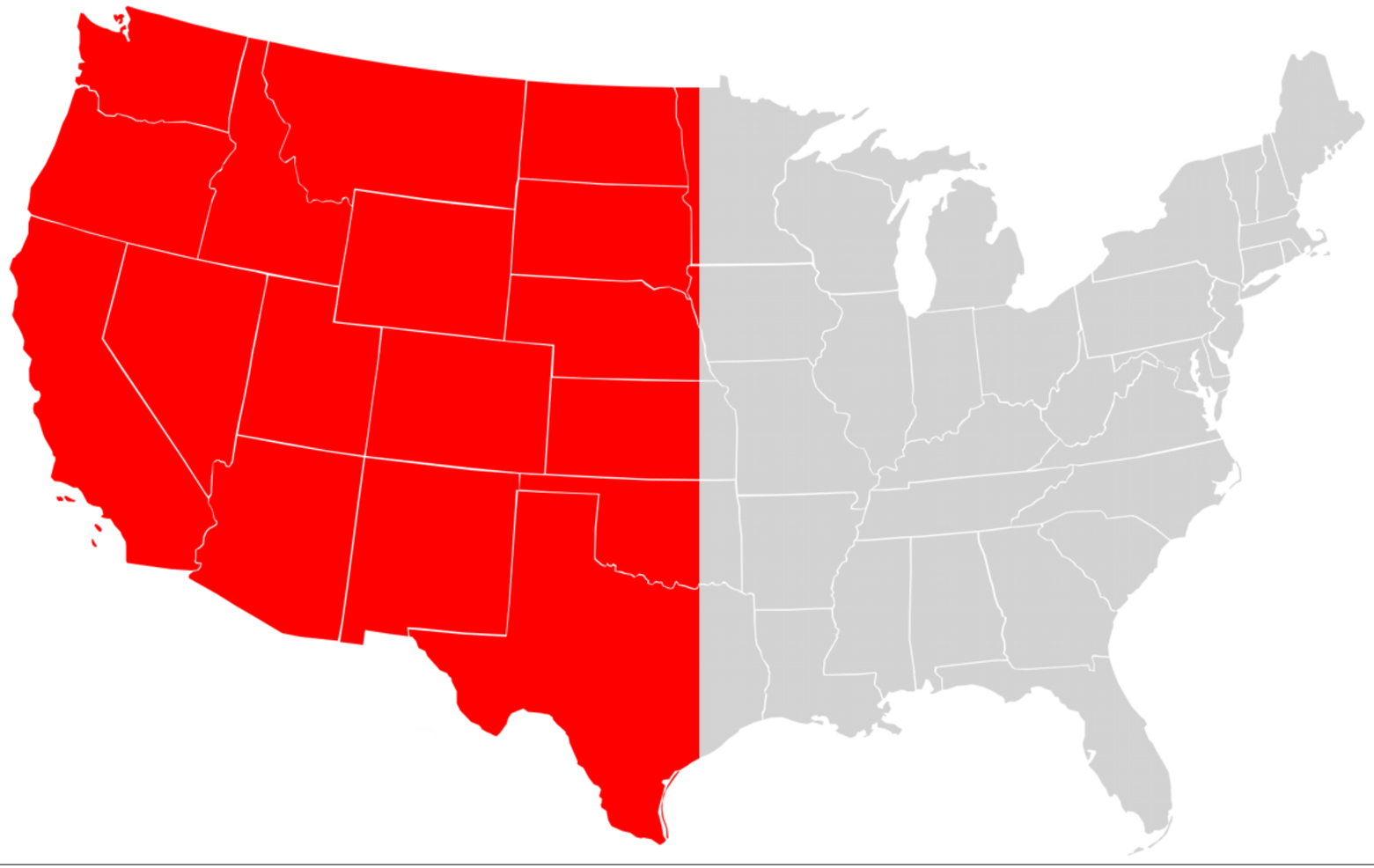
THE AVERAGE LENGTH OF UNEMPLOYMENT IS UP 86% UNDER OBAMA



Bureau of Labor Statistics, http://data.bls.gov/cgi-bin/surveymost?ln

THE PRESIDENT'S POLICIES HAVE FAILED

48 PERCENT OF ALL AMERICANS ARE NOW CLASSIFIED AS POOR OR LOW-INCOME.



Census Bureau report

The president's policies have failed and are making the economy worse.

"The seeds of the next recession have already been planted. The debt burden accumulated over the next ten years will sink us."

Honeywell

Dave Cote

Chairman & CEO, Honeywell
122,000 employees

The president's policies have failed and are making the economy worse.

"If we don't lower spending and if we don't deal with paying down the debt, we are going to have to raise taxes. Even brain-dead economists understand that when you raise taxes, you cost jobs."

Bernie Marcus
Former Chairman & CEO
Home Depot (255,185 employees)
July 20, 2011

The president's policies have failed and are making the economy worse.

"The key to me is that businesses have to have the confidence that we're on the right path, we're on the right path on taxes, on spending and on deficits and debts so they have the confidence to take the money they have on the balance sheets and invest it here in jobs in America."

BARCLAYS

Bob Diamond
President, Barclays

Medicare—The President's Budget Lets Medicare For Seniors Go Bankrupt

The President Knows That Medicare Is Unsustainable

"**The major driver of our long-term liabilities**, everybody here knows, is Medicare and Medicaid and our health care spending.

"Nothing comes close."

President Barack Obama

Speaking at House Republican Retreat in Baltimore, MD
January 29, 2010

The Government Takeover of Health Care Changed 'Medicare As We Know It'

1.GLOBAL FEE CAP

- For the first time in history, strict controls are imposed on both the amount and volume of Medicare payments, which will result in seniors having **less access to doctors**.

2.IPAB

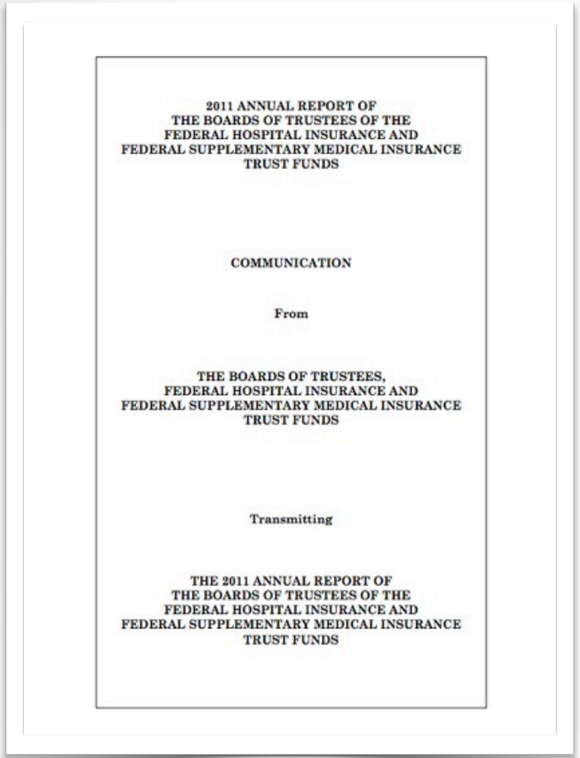
- A hard cap is imposed on Medicare spending, and a 15-member board of unelected bureaucrats is in charge of **rationing care** to meet the caps.

3.$500 BILLION RAID ON MEDICARE

- The health care takeover **raided $500 billion** from Medicare to fund a new entitlement - instead of shoring up Medicare's own solvency.

MEMBER SERVICES UNIVERSITY

Medicare—The President's Budget Lets Medicare For Seniors Go Bankrupt



2011 ANNUAL REPORT OF
THE BOARDS OF TRUSTEES OF THE
FEDERAL HOSPITAL INSURANCE AND
FEDERAL SUPPLEMENTARY MEDICAL INSURANCE
TRUST FUNDS

COMMUNICATION

From

THE BOARDS OF TRUSTEES,
FEDERAL HOSPITAL INSURANCE AND
FEDERAL SUPPLEMENTARY MEDICAL INSURANCE
TRUST FUNDS

Transmitting

THE 2011 ANNUAL REPORT OF
THE BOARDS OF TRUSTEES OF THE
FEDERAL HOSPITAL INSURANCE AND
FEDERAL SUPPLEMENTARY MEDICAL INSURANCE
TRUST FUNDS

What Happens When Medicare's Trust Fund Goes Insolvent?

"Beneficiary **access to health care services** would rapidly be curtailed."

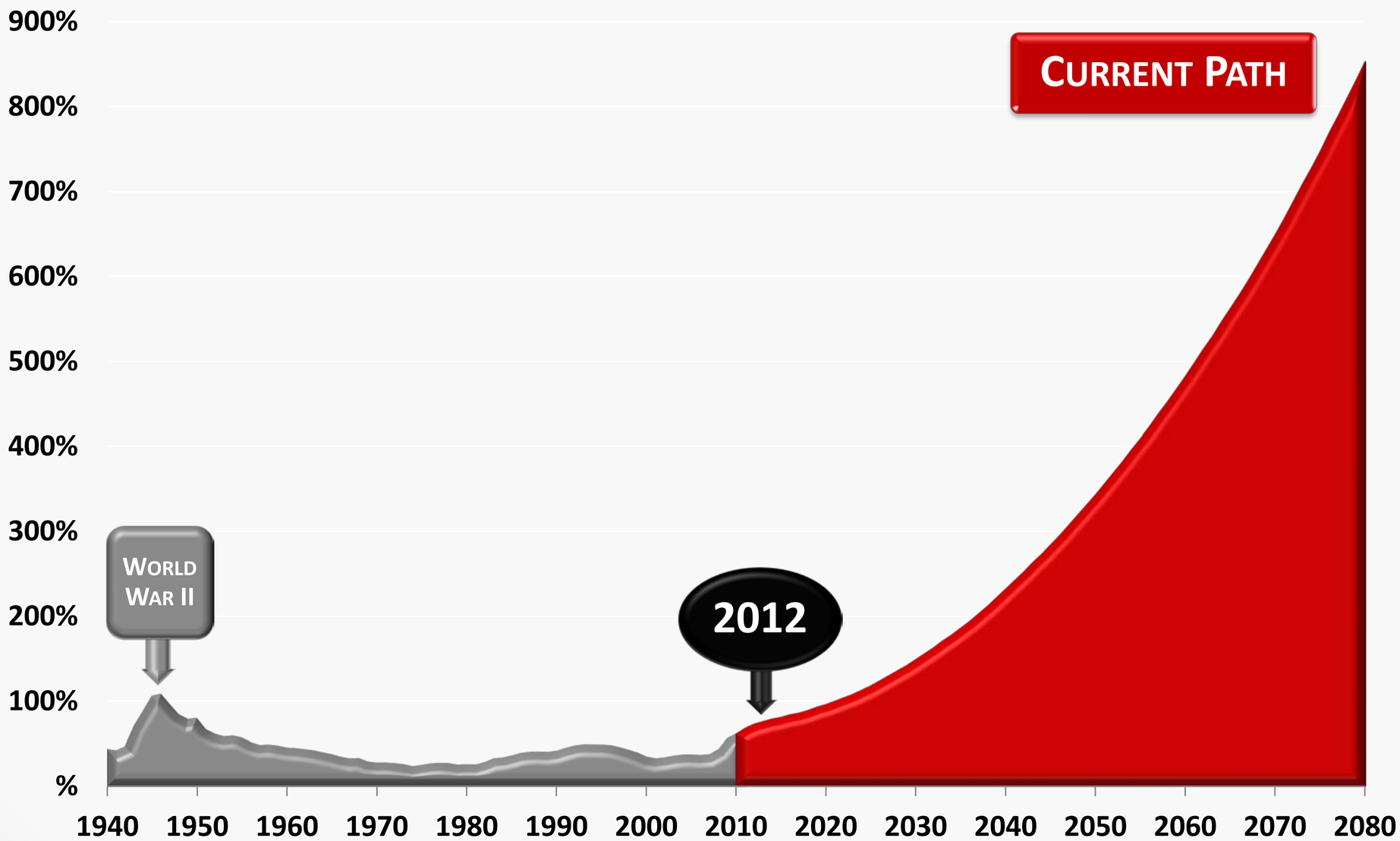
Medicare Trustees' 2011 Report

be made only from ongoing tax revenues, which wo
to cover total costs. Beneficiary access to health ca
rapidly be curtailed.

FIGURE 1

CRUSHING BURDEN OF DEBT

(U.S. DEBT HELD BY PUBLIC AS A SHARE OF ECONOMY)

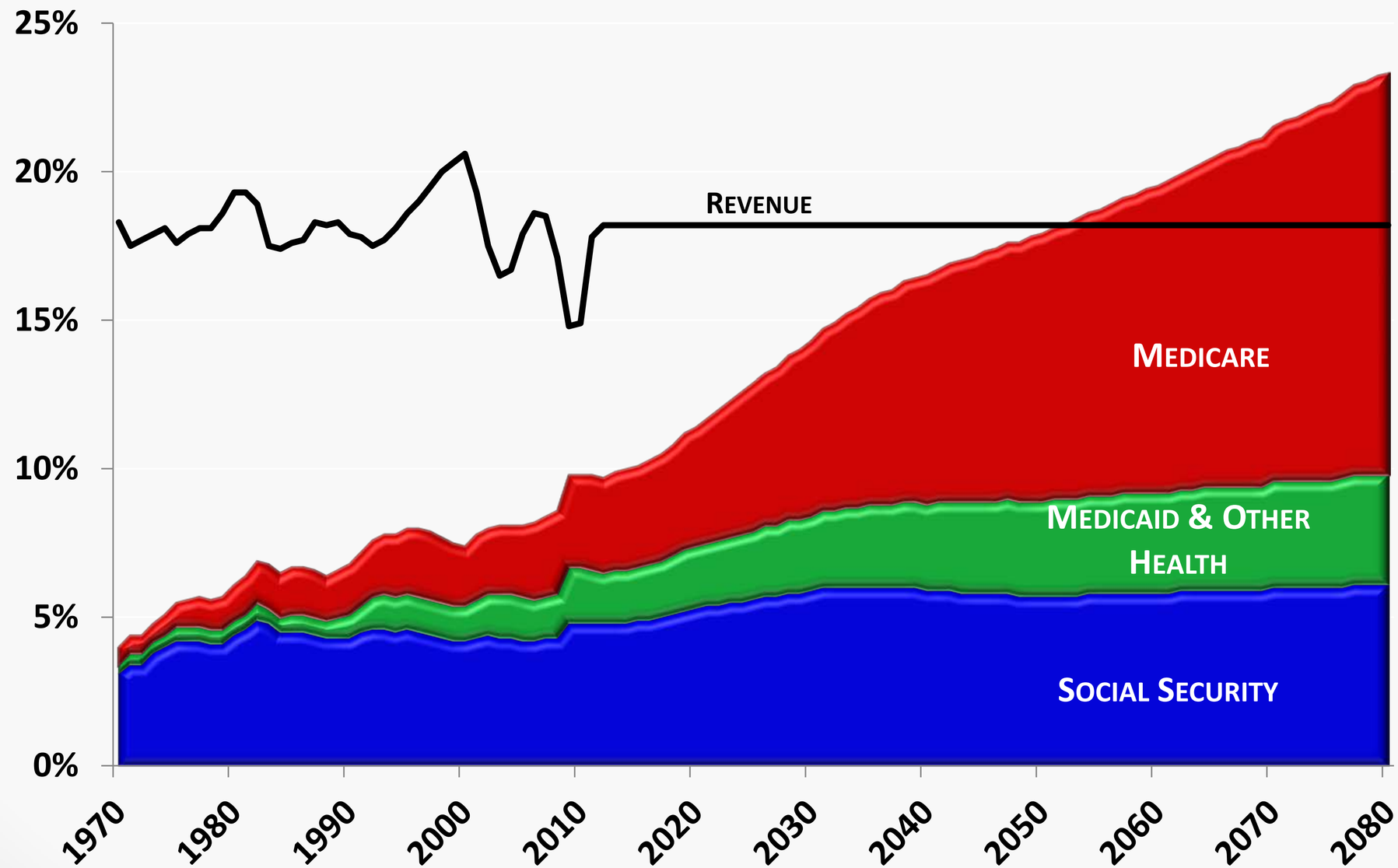


SOURCE: OMB/CBO

FIGURE 2

WHAT DRIVES OUR DEBT?

(GOVERNMENT SPENDING AS A SHARE OF ECONOMY)

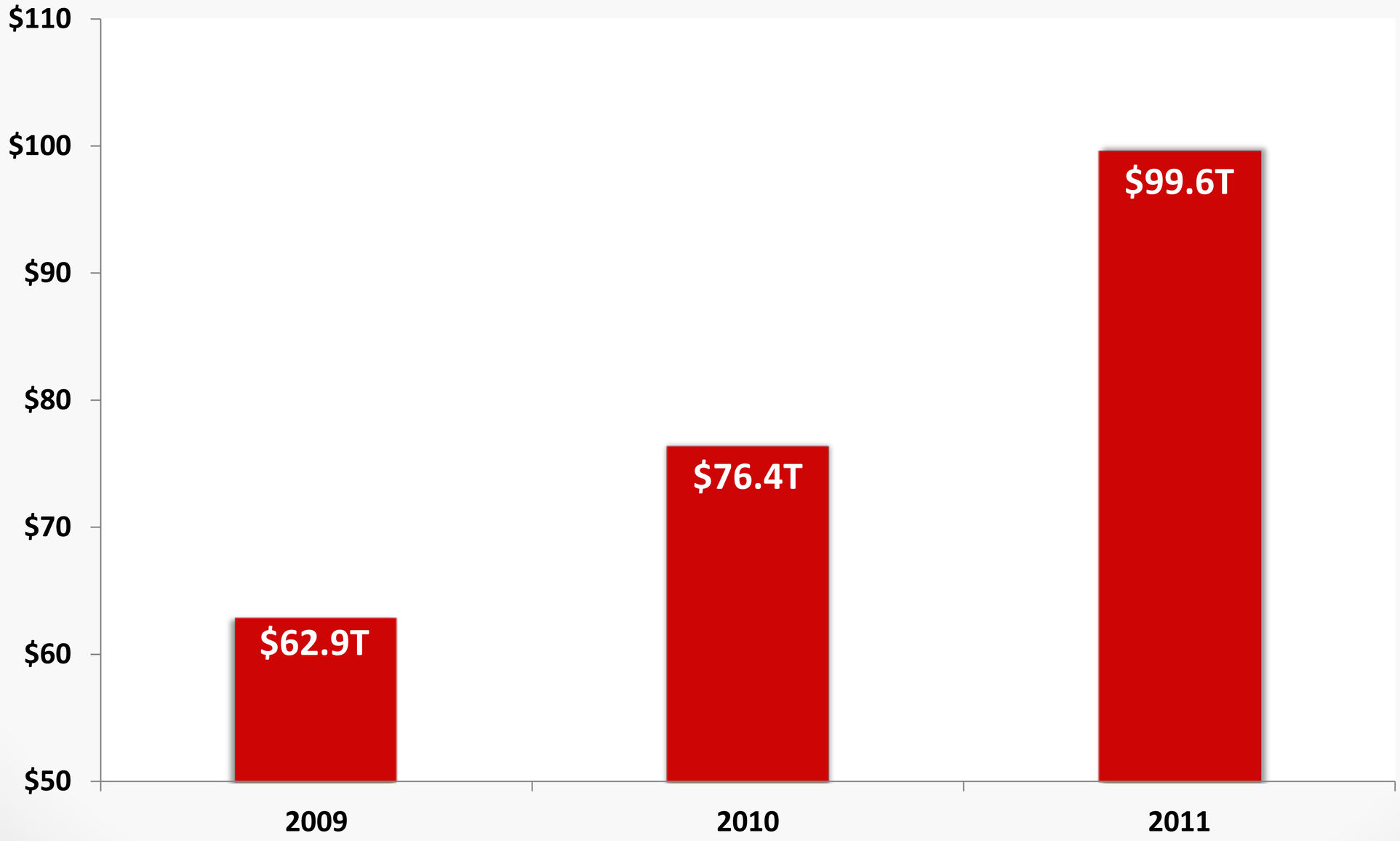


SOURCE: CBO

FIGURE 3

THE COST OF WAITING – THE FISCAL GAP

(UNFUNDED PROMISES IN TRILLIONS OF DOLLARS)

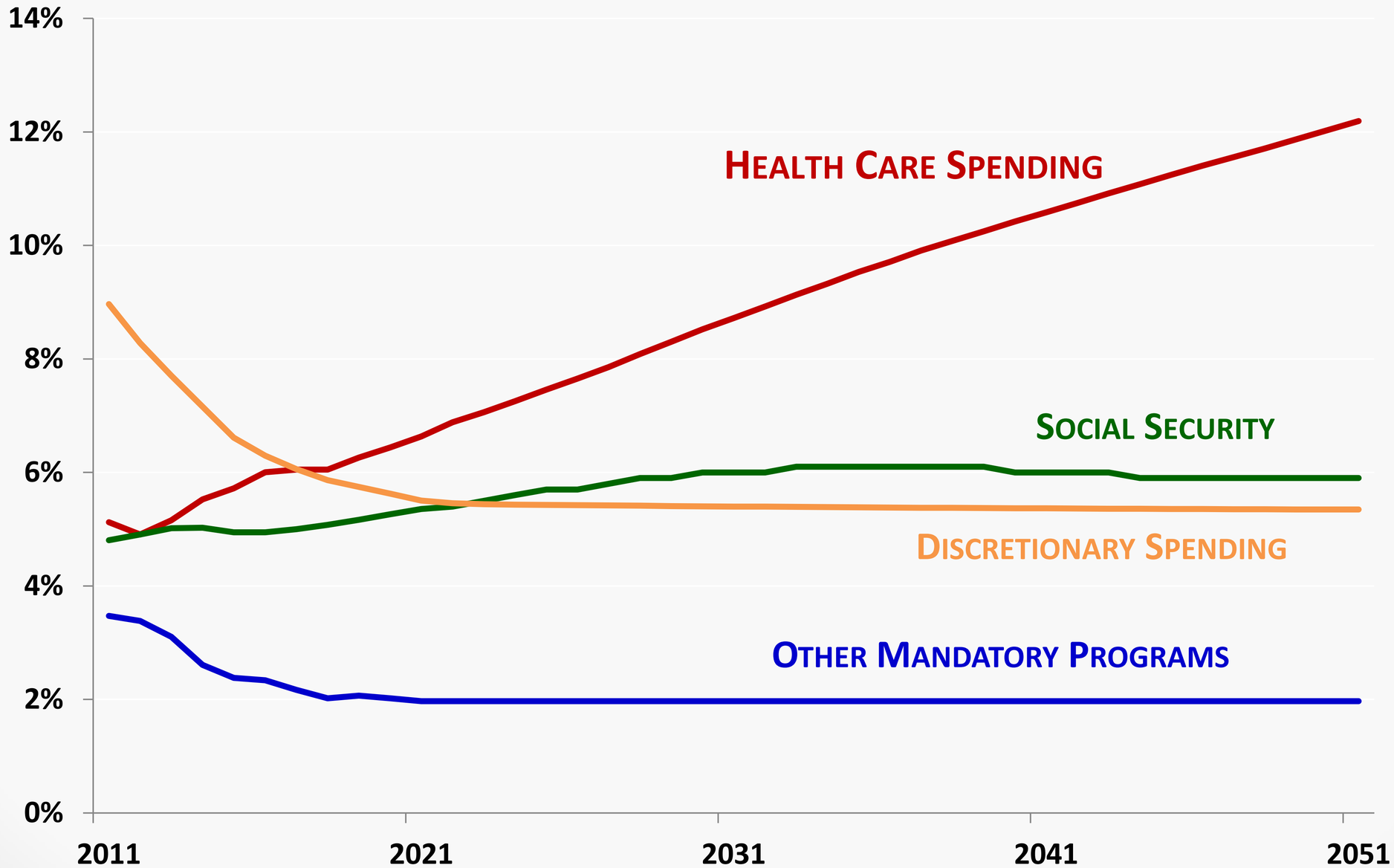


SOURCE: GOVERNMENT ACCOUNTABILITY OFFICE

FIGURE 4

HEALTH CARE COSTS ARE THE PRIMARY DRIVER OF THE DEBT

(GOVERNMENT SPENDING AS A SHARE OF ECONOMY)

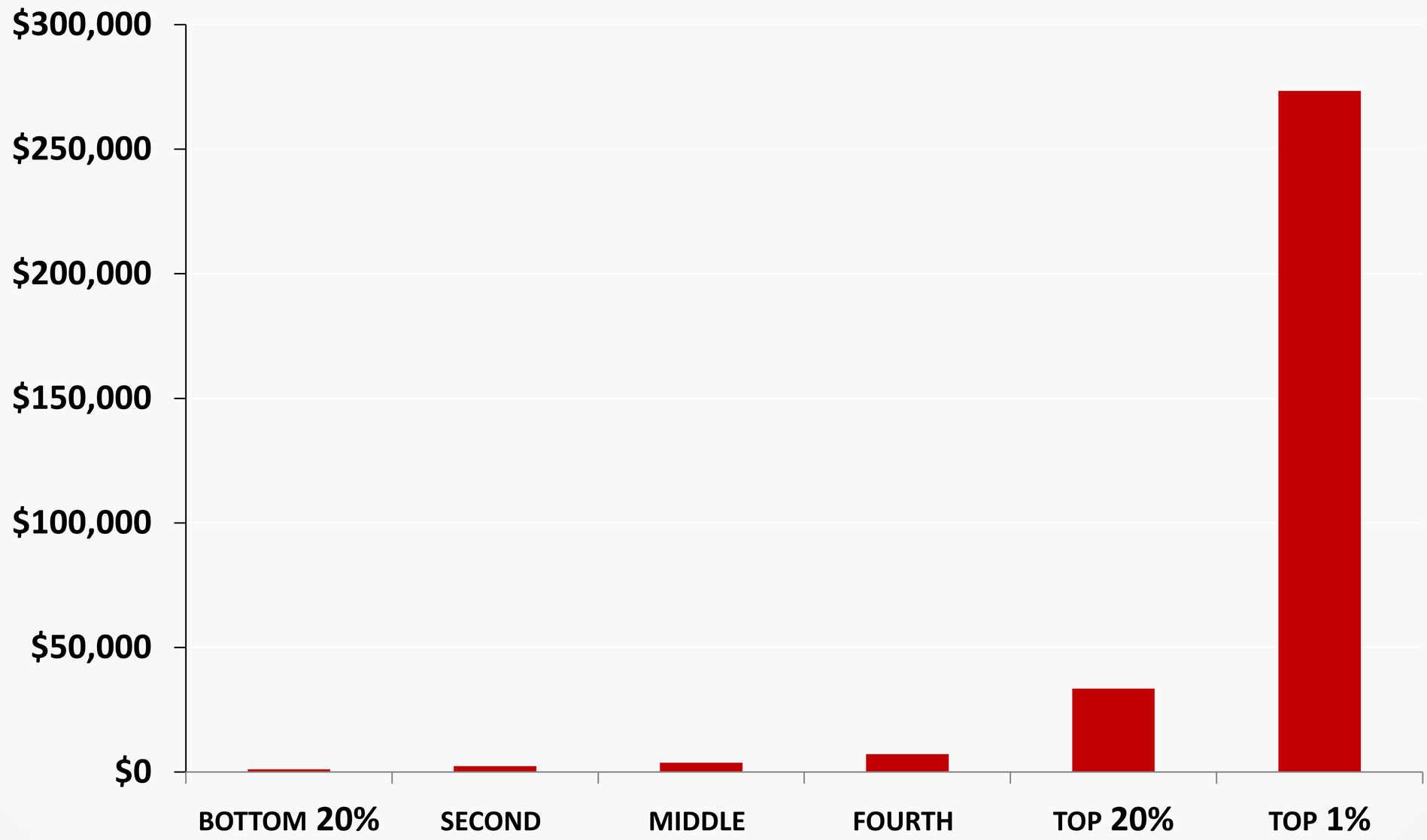


SOURCE: CBO

FIGURE 5

WHO BENEFITS FROM TAX LOOPHOLES

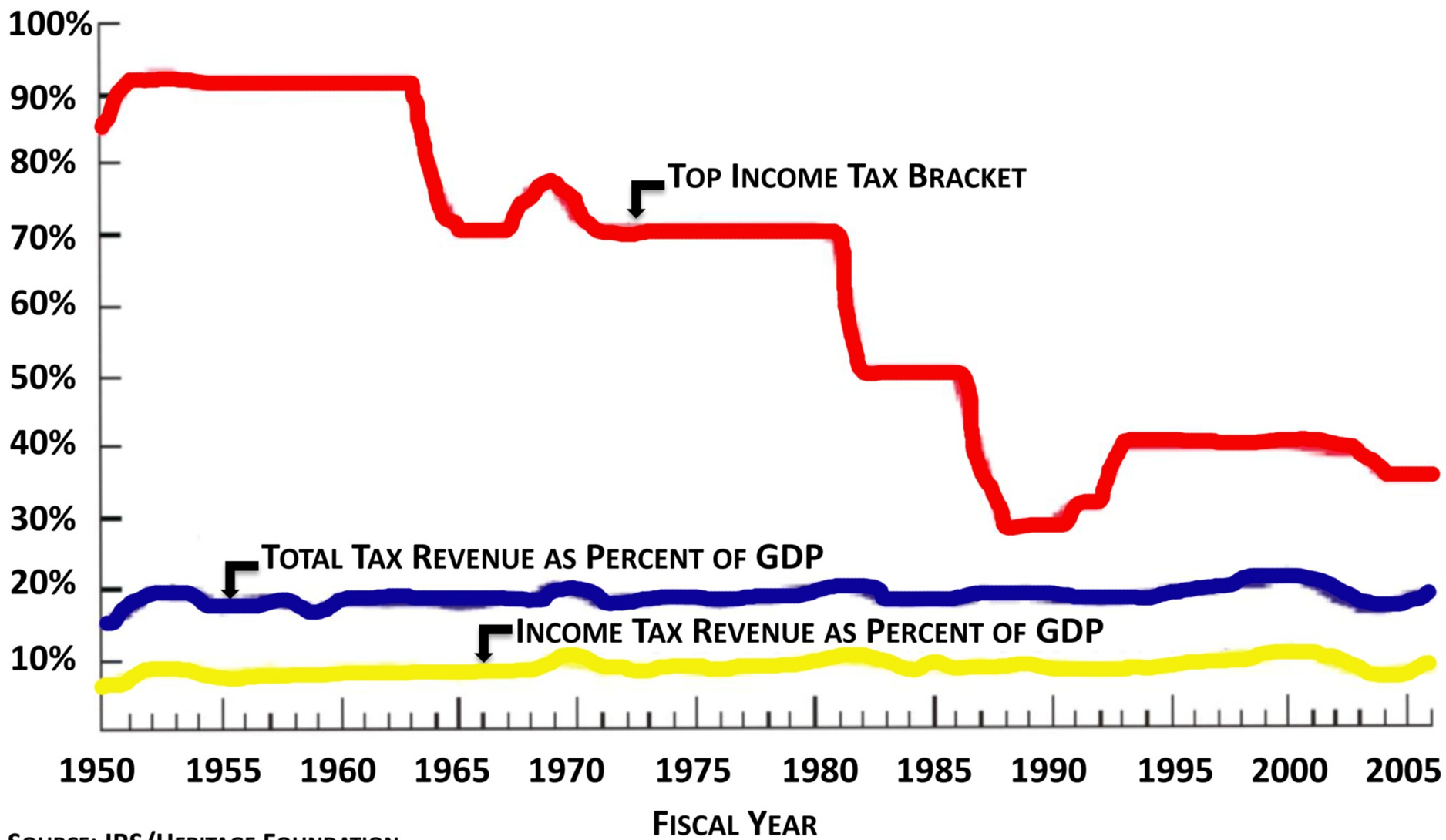
AVERAGE PER PERSON BENEFIT BY CATEGORY OF EARNERS



SOURCE: IRS/TAX POLICY CENTER

FIGURE 6

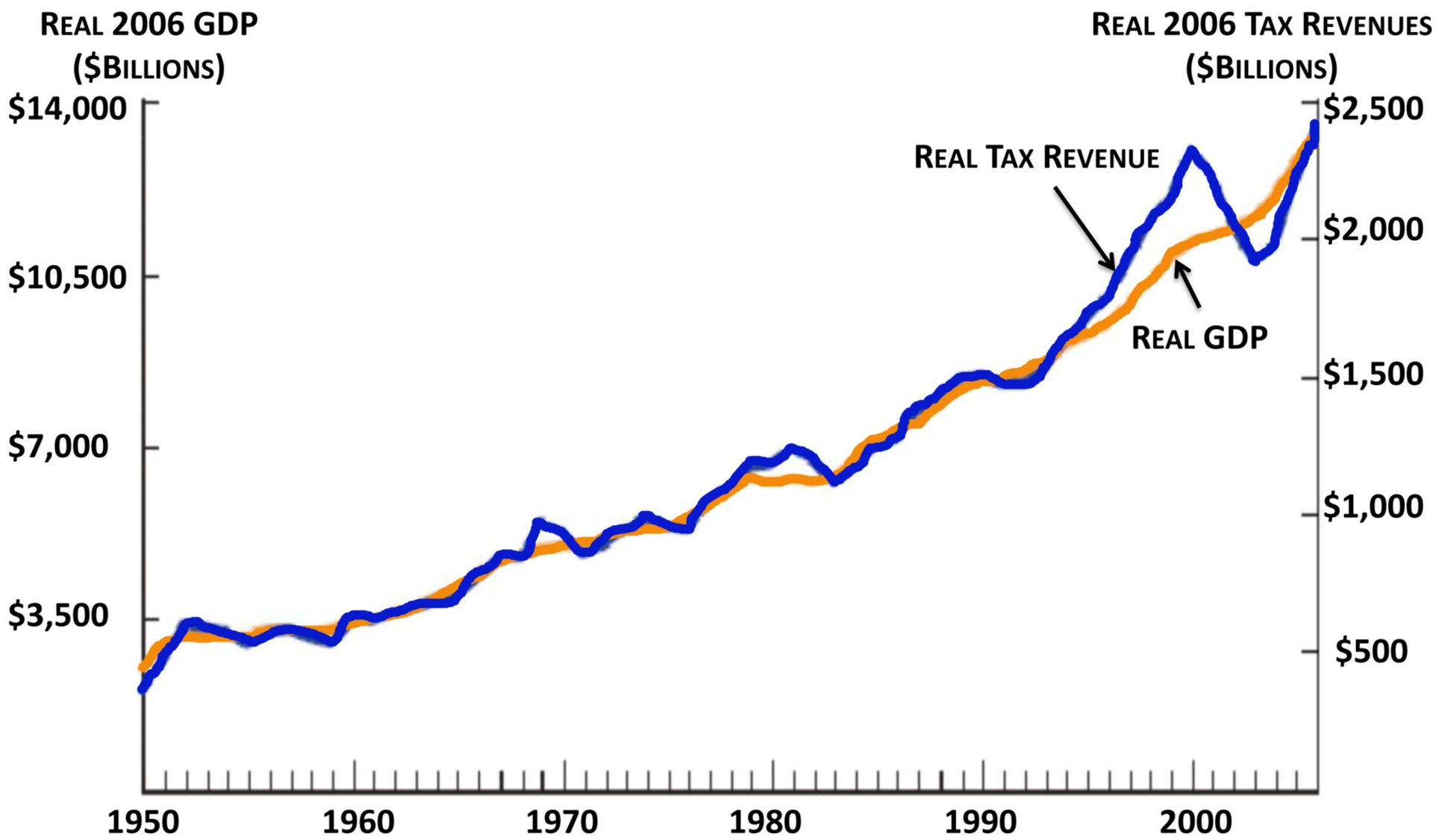
TAX REVENUES DO NOT CORRELATE WELL WITH TAX RATES



SOURCE: IRS/HERITAGE FOUNDATION

FIGURE 7

TAX REVENUES ARE HIGHLY CORRELATED WITH GDP

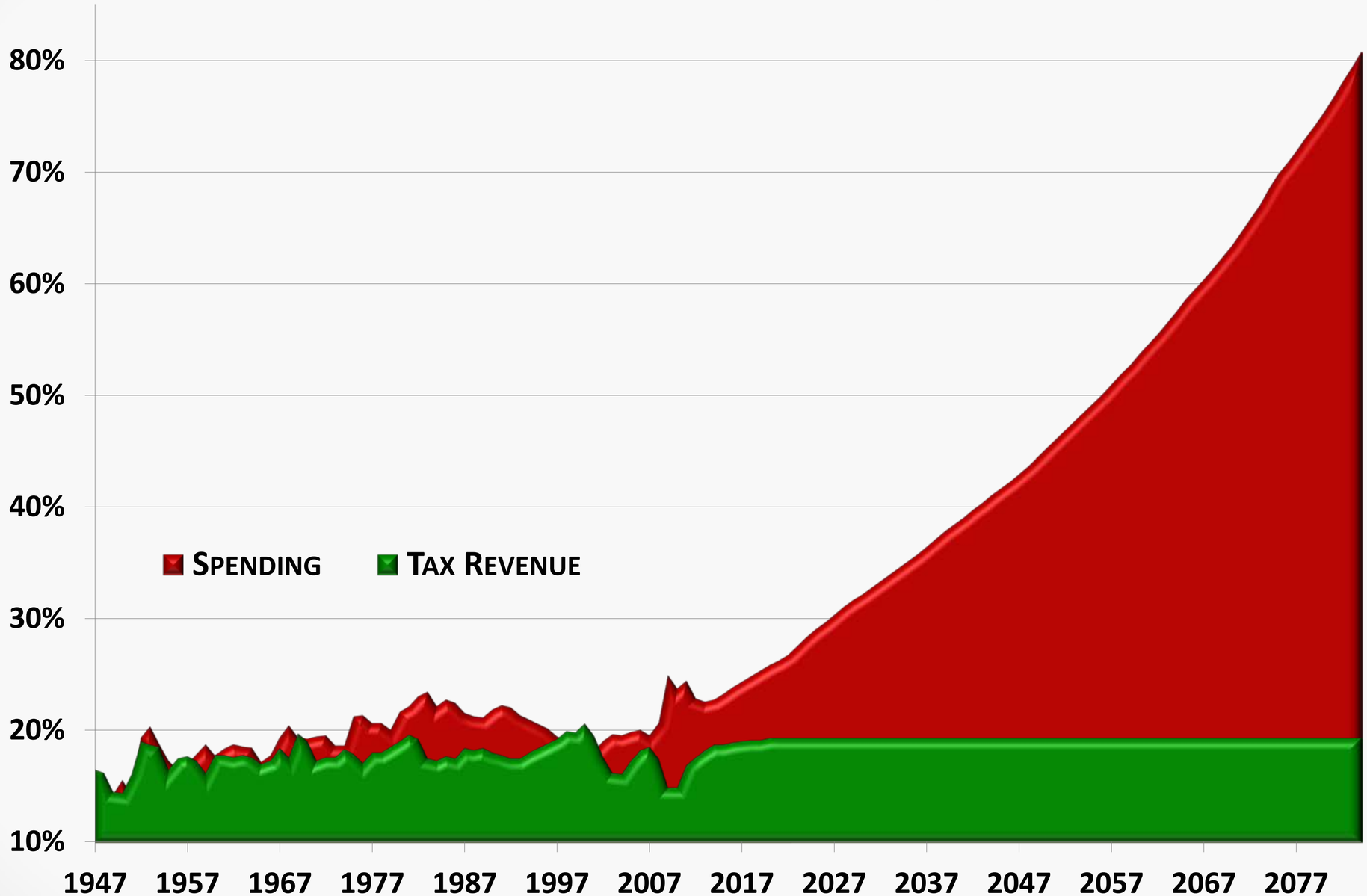


SOURCE: IRS/HERITAGE FOUNDATION

FIGURE 8

WE ARE IN A SPENDING-DRIVEN DEBT CRISIS

(AS A SHARE OF ECONOMY)

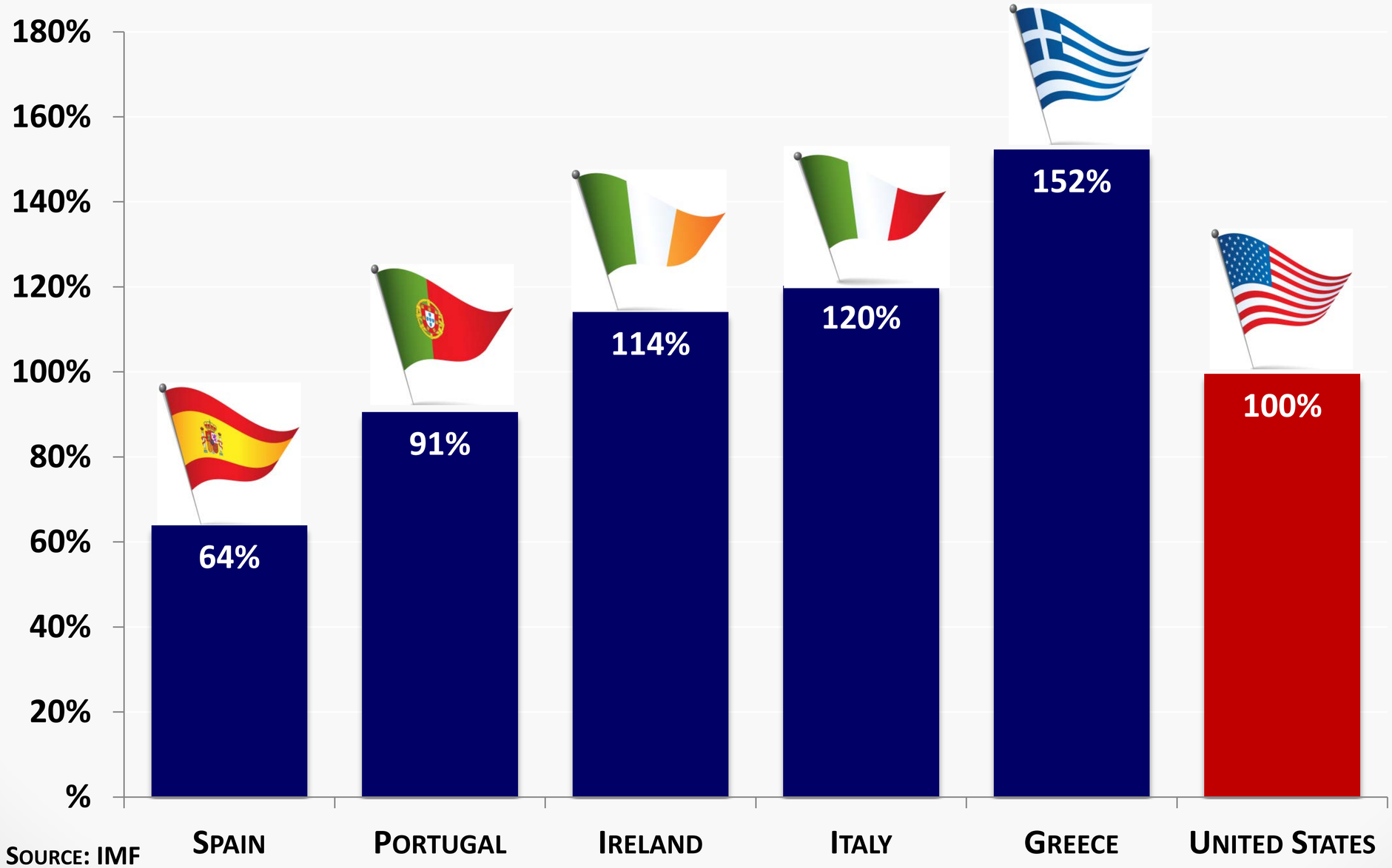


SOURCE: OMB/CBO

FIGURE 9

TROUBLE AHEAD - EUROPE

(GOVERNMENT DEBT AS A SHARE OF ECONOMY - 2011)

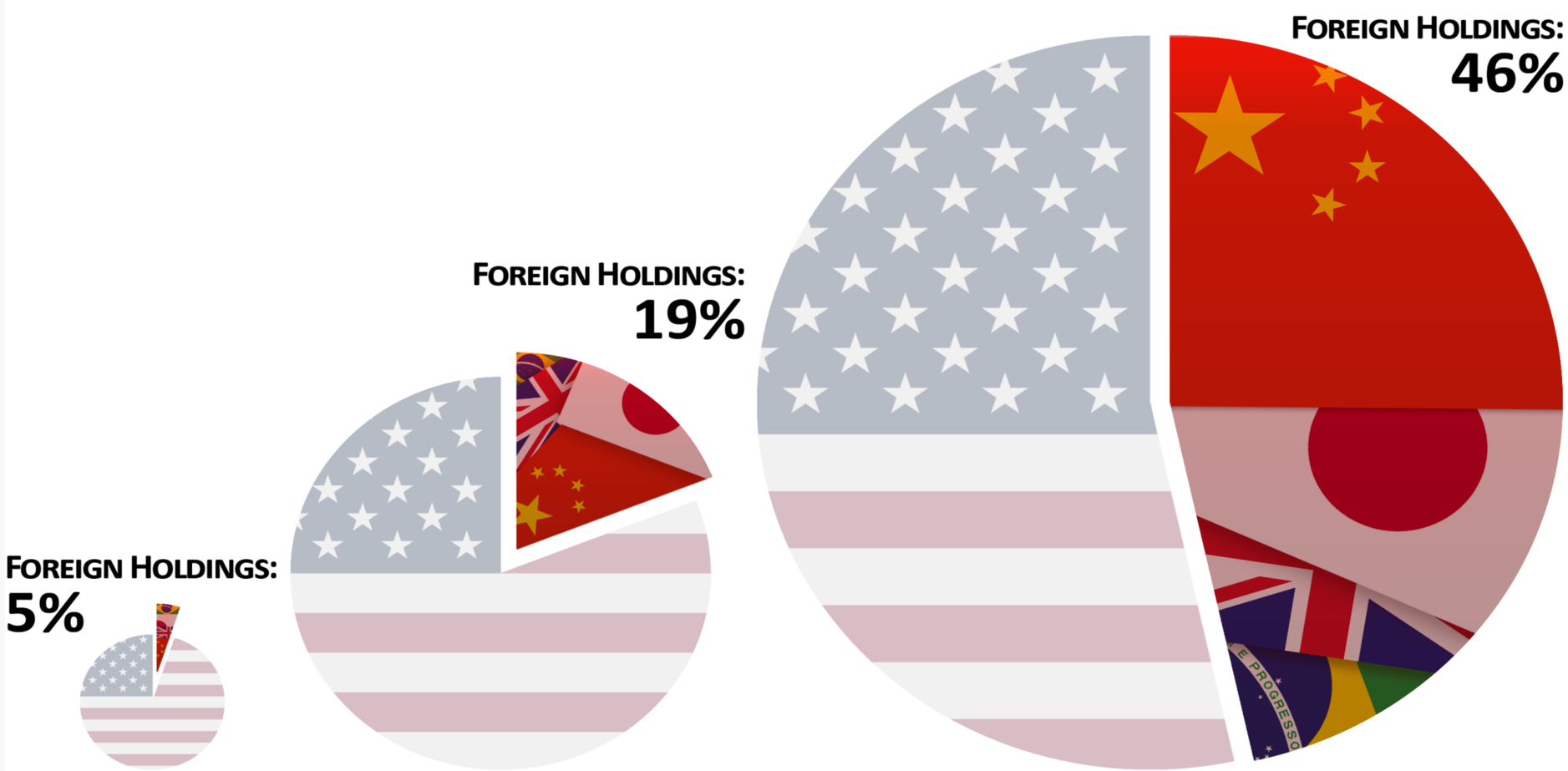


SOURCE: IMF

FIGURE 10

WHO OWNS OUR DEBT?

(DEBT HELD BY PUBLIC, 1970 -2011)



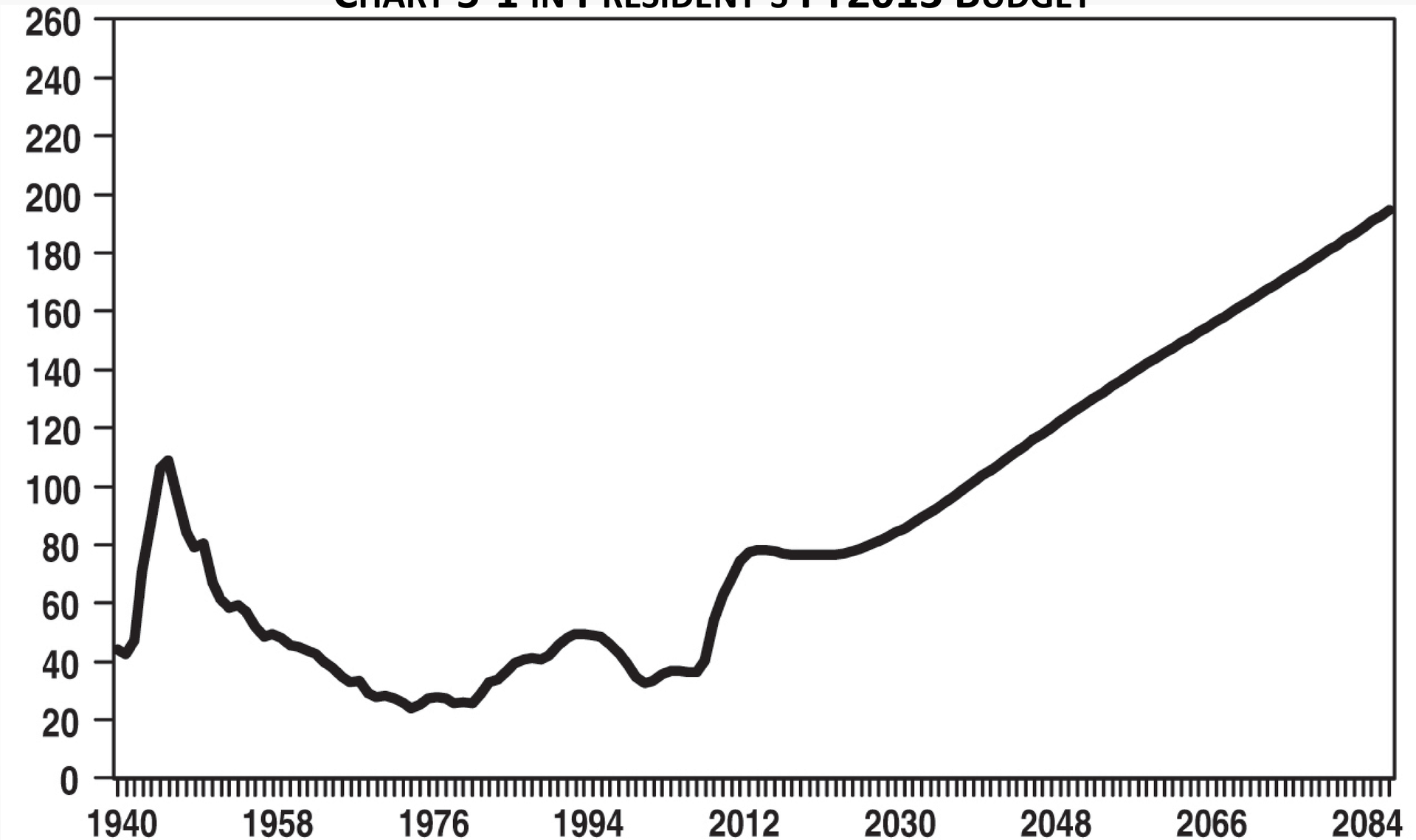
SOURCE: U.S. DEPARTMENT OF TREASURY

FIGURE 11

DEBT HELD BY PUBLIC

(AS A SHARE OF ECONOMY)

CHART 5-1 IN PRESIDENT'S FY2013 BUDGET

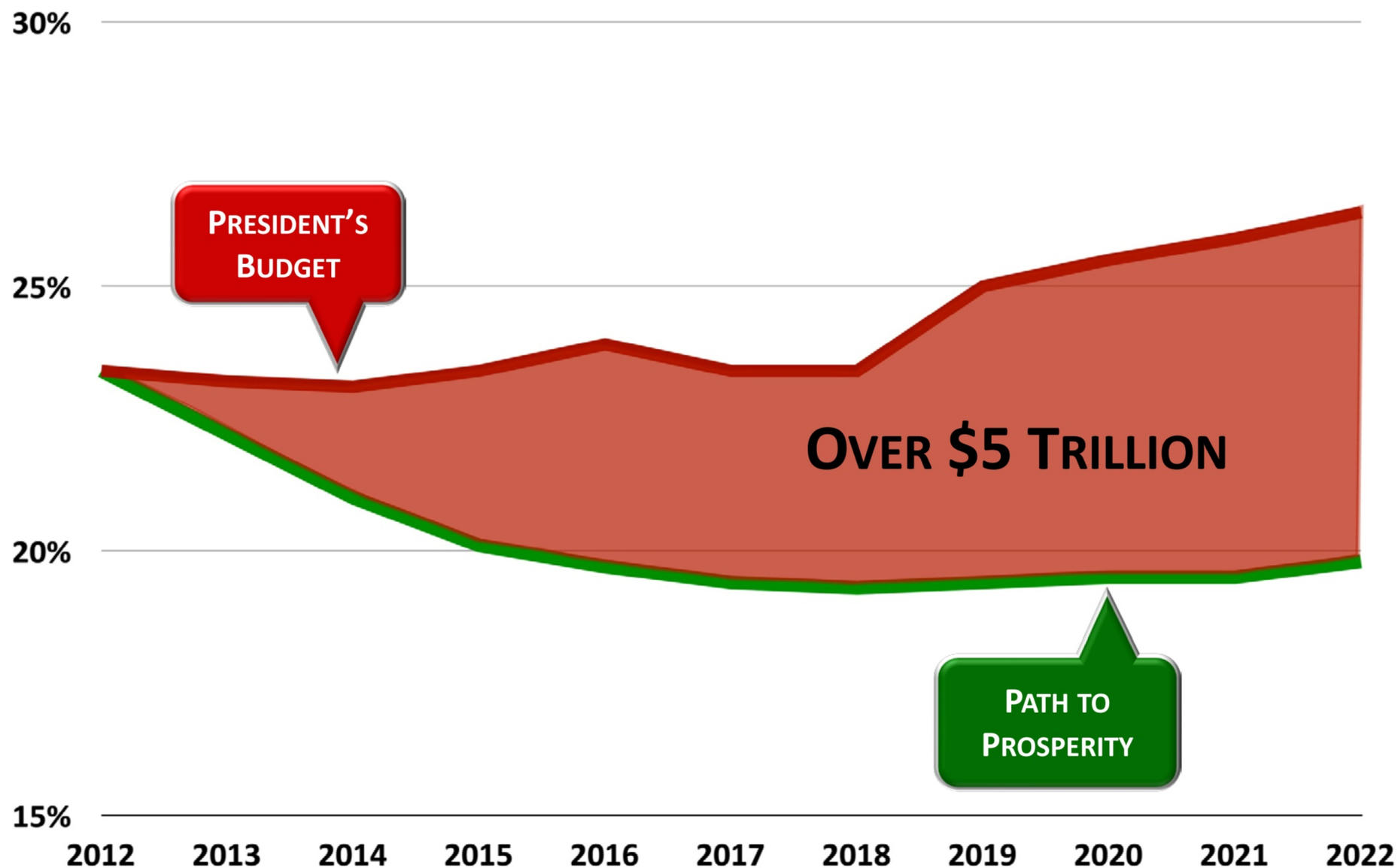


SOURCE: OMB

FIGURE 12

GOVERNMENT SPENDING

(AS A SHARE OF ECONOMY)

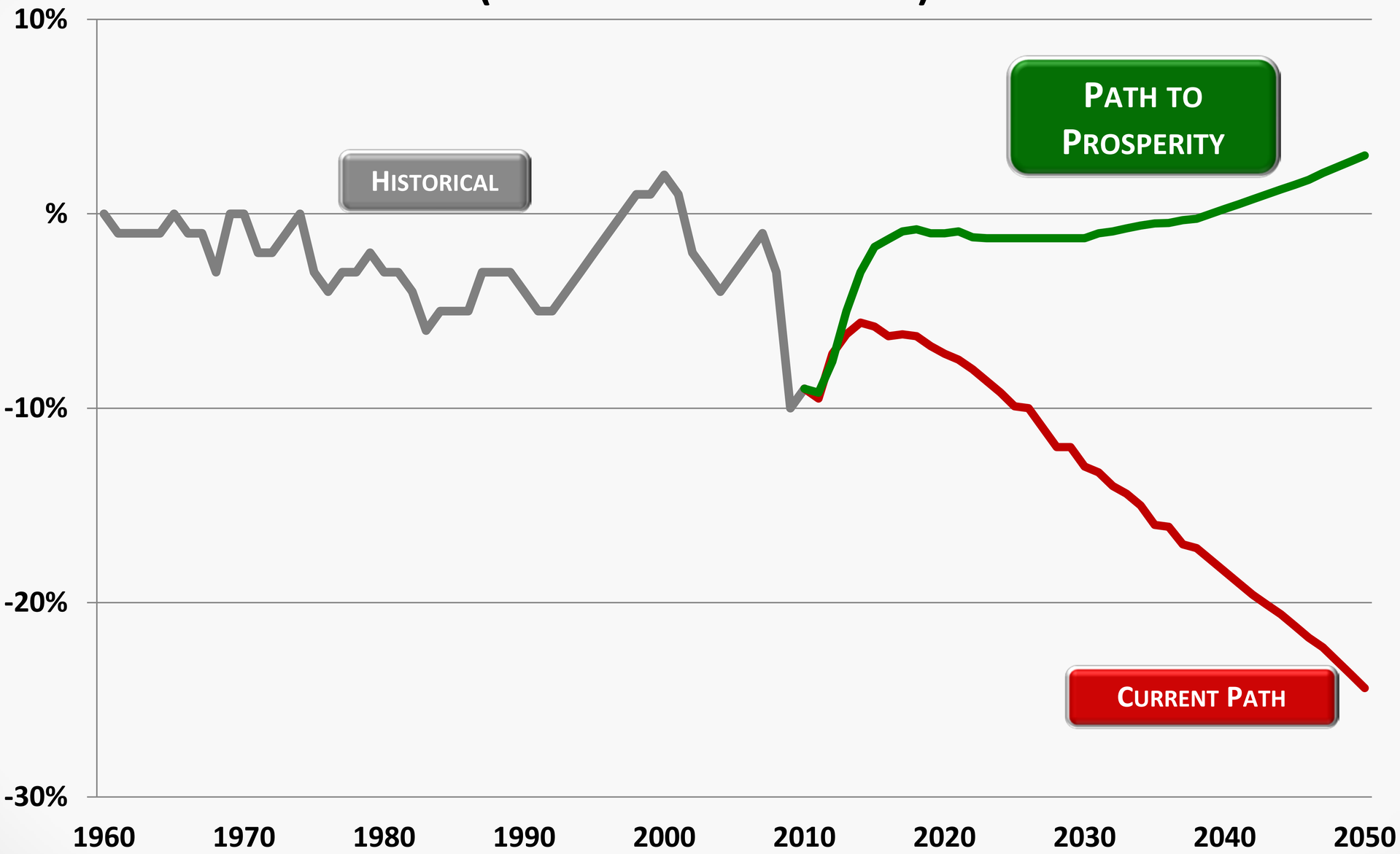


SOURCE: CBO/HBC

FIGURE 13

FEDERAL DEFICIT OR SURPLUS

(AS A SHARE OF ECONOMY)

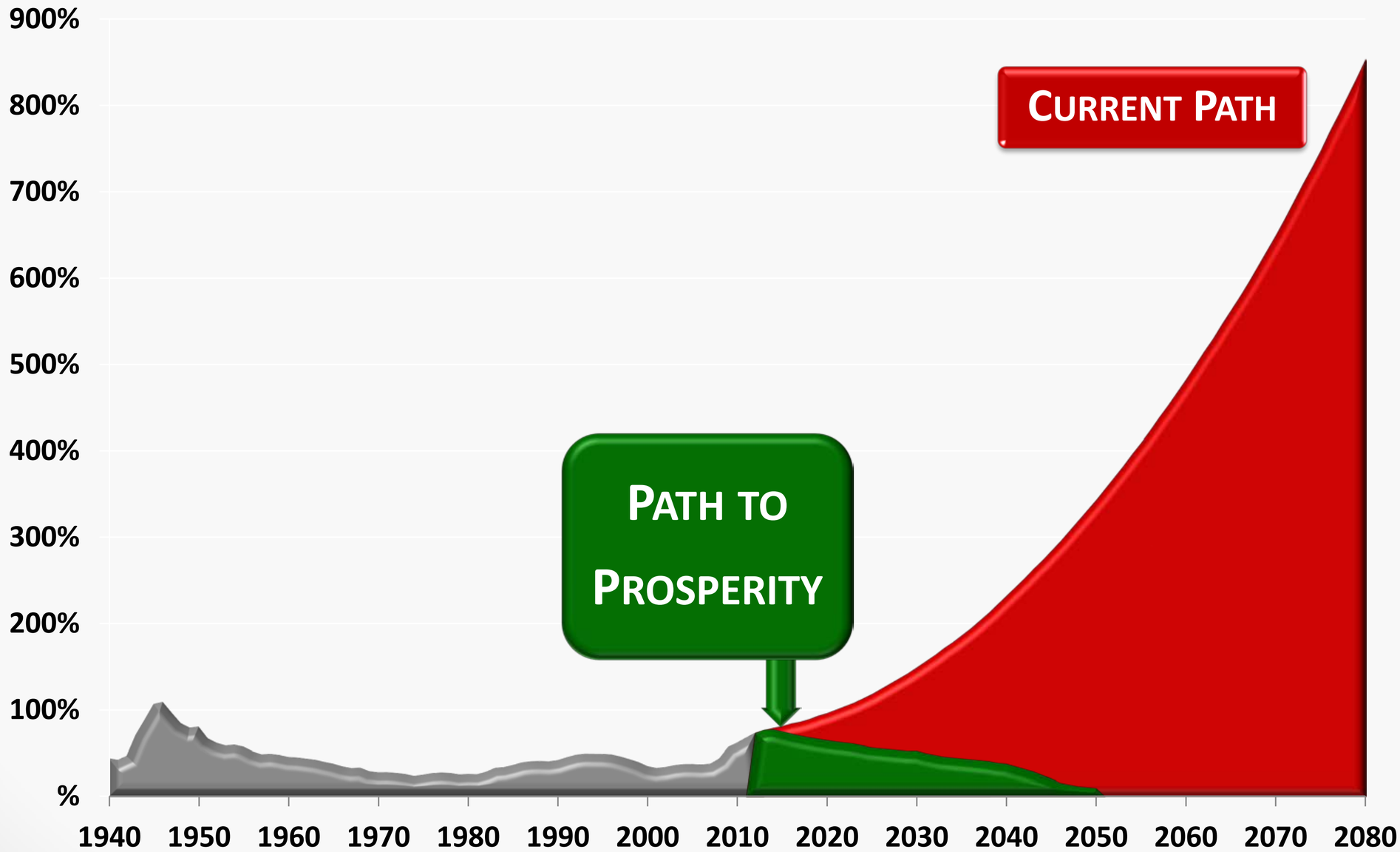


SOURCE: OMB/CBO

FIGURE 14

A CHOICE OF TWO FUTURES

(DEBT AS A SHARE OF ECONOMY)

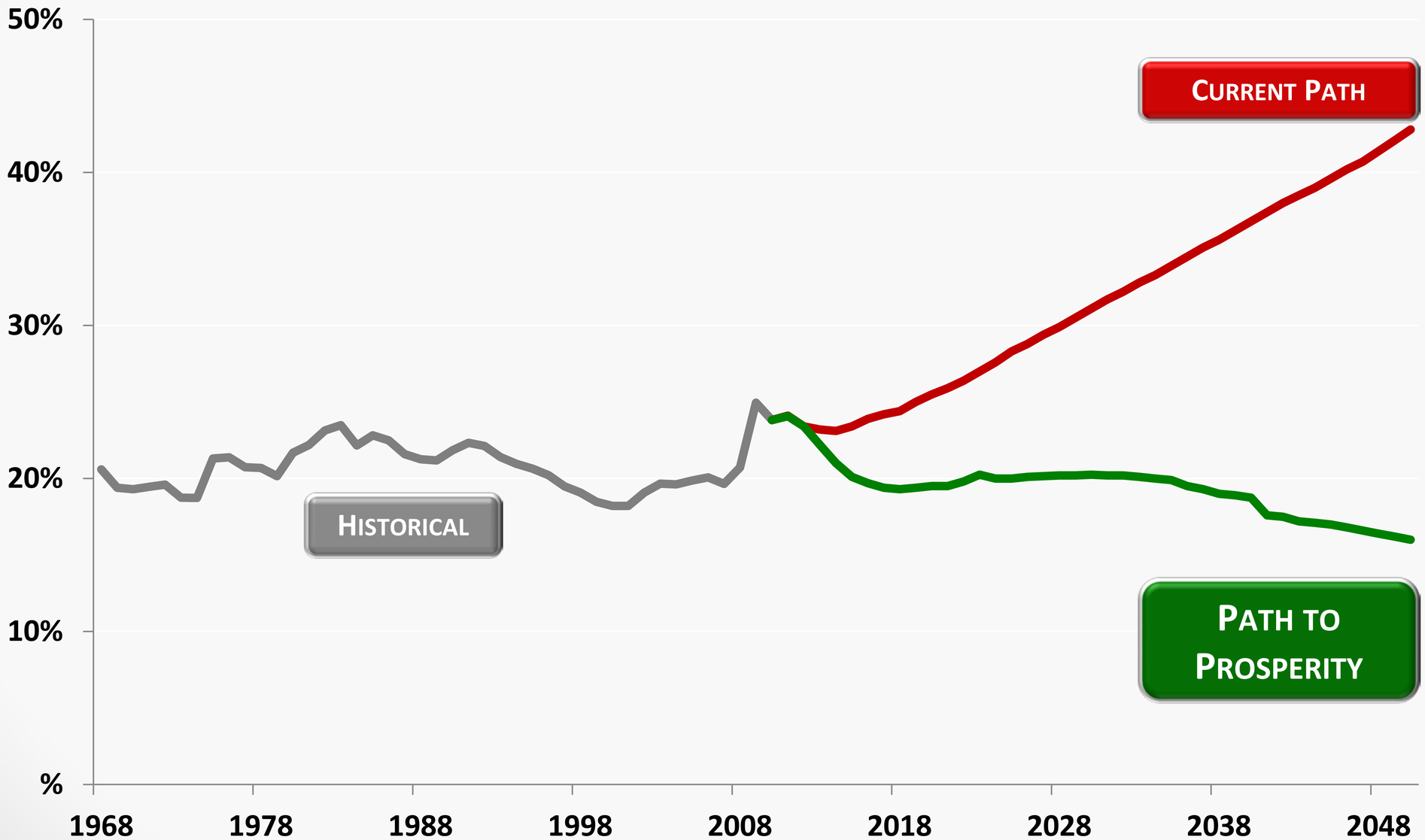


SOURCE: OMB/CBO

FIGURE 15

TOTAL GOVERNMENT SPENDING

(AS A SHARE OF ECONOMY)



SOURCE: OMB/CBO

With the interest we pay to China on our debt, China can afford to buy **3 new Joint Strike Fighters every week** – with $50 million/week left over.

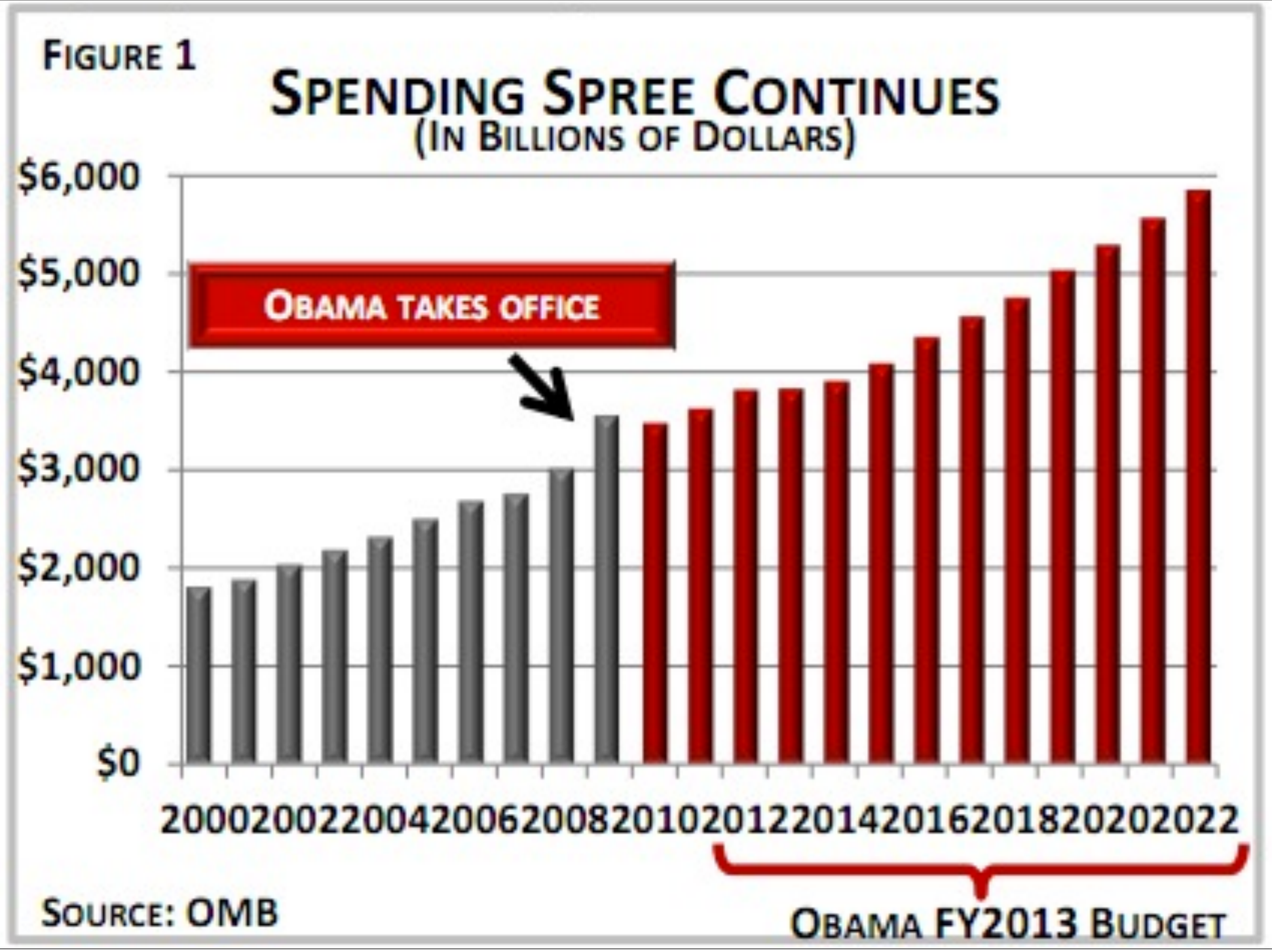


FIGURE 1
SPENDING SPREE CONTINUES
(IN BILLIONS OF DOLLARS)
$6,000
$5,000
$4,000
$3,000
$2,000
$1,000
$0
OBAMA TAKES OFFICE
2000 2002 2004 2006 2008 2010 2012 2014 2016 2018 2020 2022
SOURCE: OMB
OBAMA FY2013 BUDGET

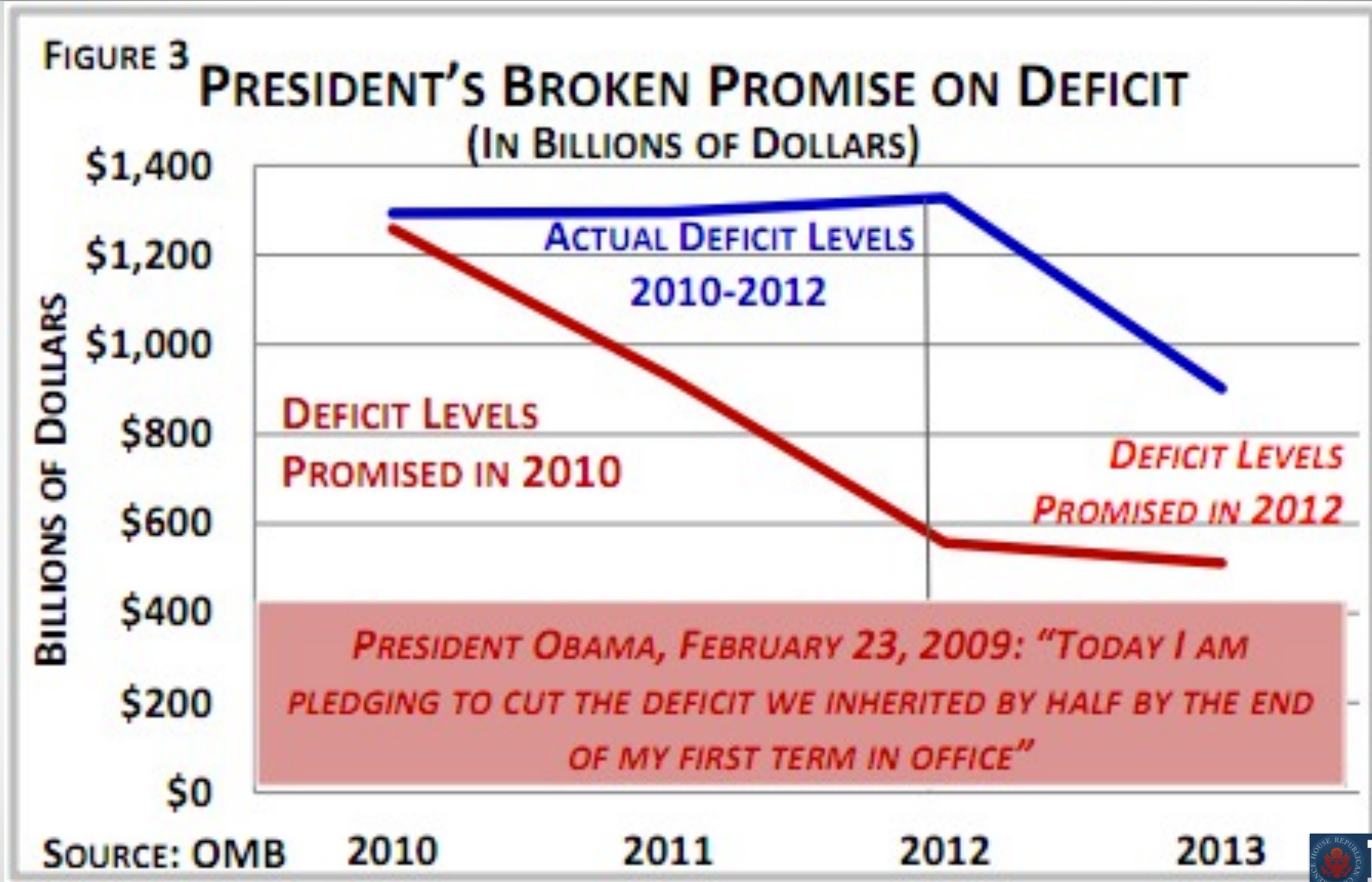


FIGURE 3
PRESIDENT'S BROKEN PROMISE ON DEFICIT
(IN BILLIONS OF DOLLARS)
BILLIONS OF DOLLARS
$1,400
$1,200
$1,000
$800
$600
$400
$200
$0
ACTUAL DEFICIT LEVELS
2010-2012
DEFICIT LEVELS
PROMISED IN 2010
DEFICIT LEVELS
PROMISED IN 2012
PRESIDENT OBAMA, FEBRUARY 23, 2009: "TODAY I AM PLEDGING TO CUT THE DEFICIT WE INHERITED BY HALF BY THE END OF MY FIRST TERM IN OFFICE"
SOURCE: OMB
2010
2011
2012
2013

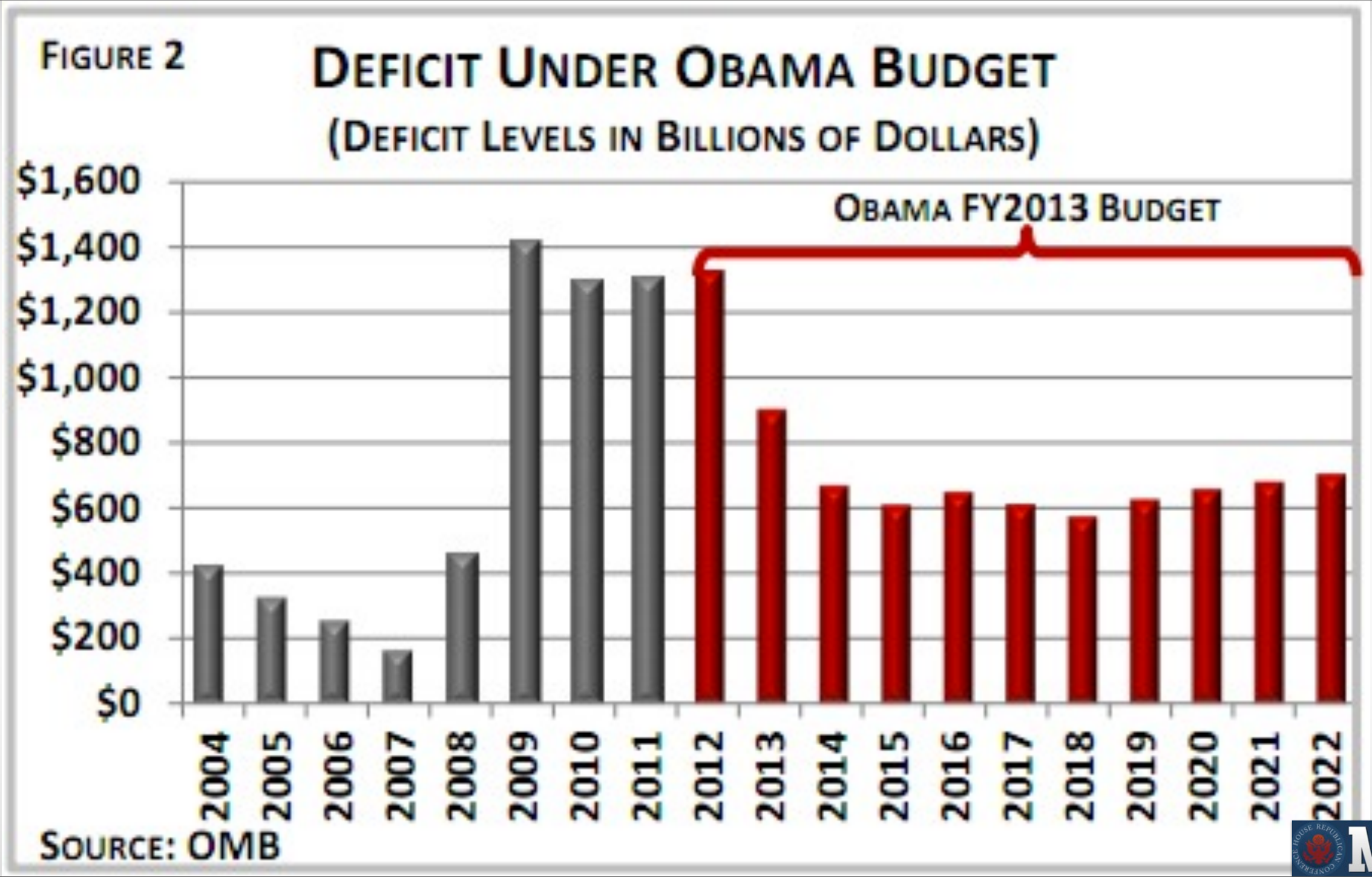
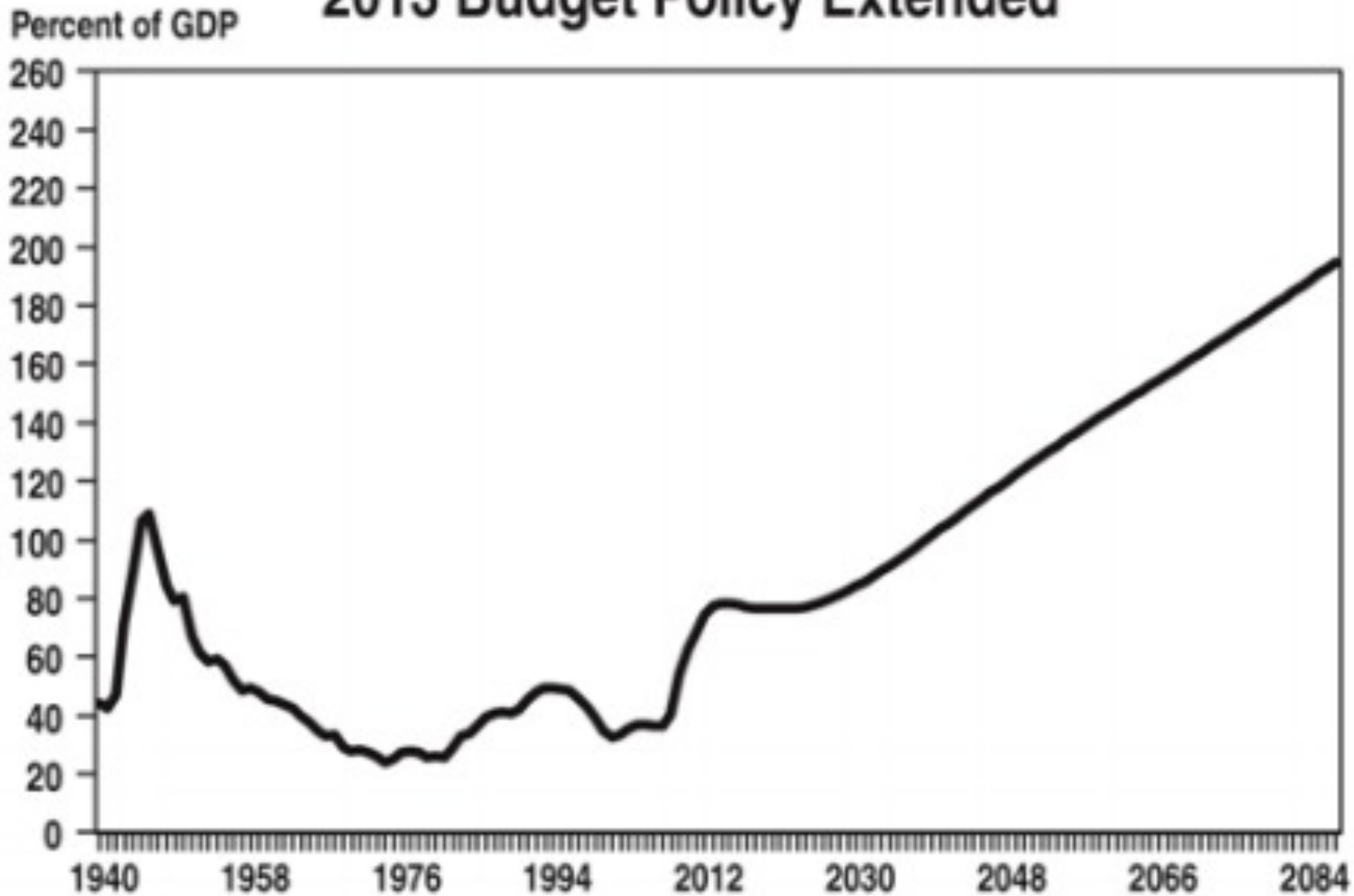


FIGURE 2
DEFICIT UNDER OBAMA BUDGET
(DEFICIT LEVELS IN BILLIONS OF DOLLARS)
OBAMA FY2013 BUDGET
$1,600
$1,400
$1,200
$1,000
$800
$600
$400
$200
$0
2004
2005
2006
2007
2008
2009
2010
2011
2012
2013
2014
2015
2016
2017
2018
2019
2020
2021
2022
SOURCE: OMB

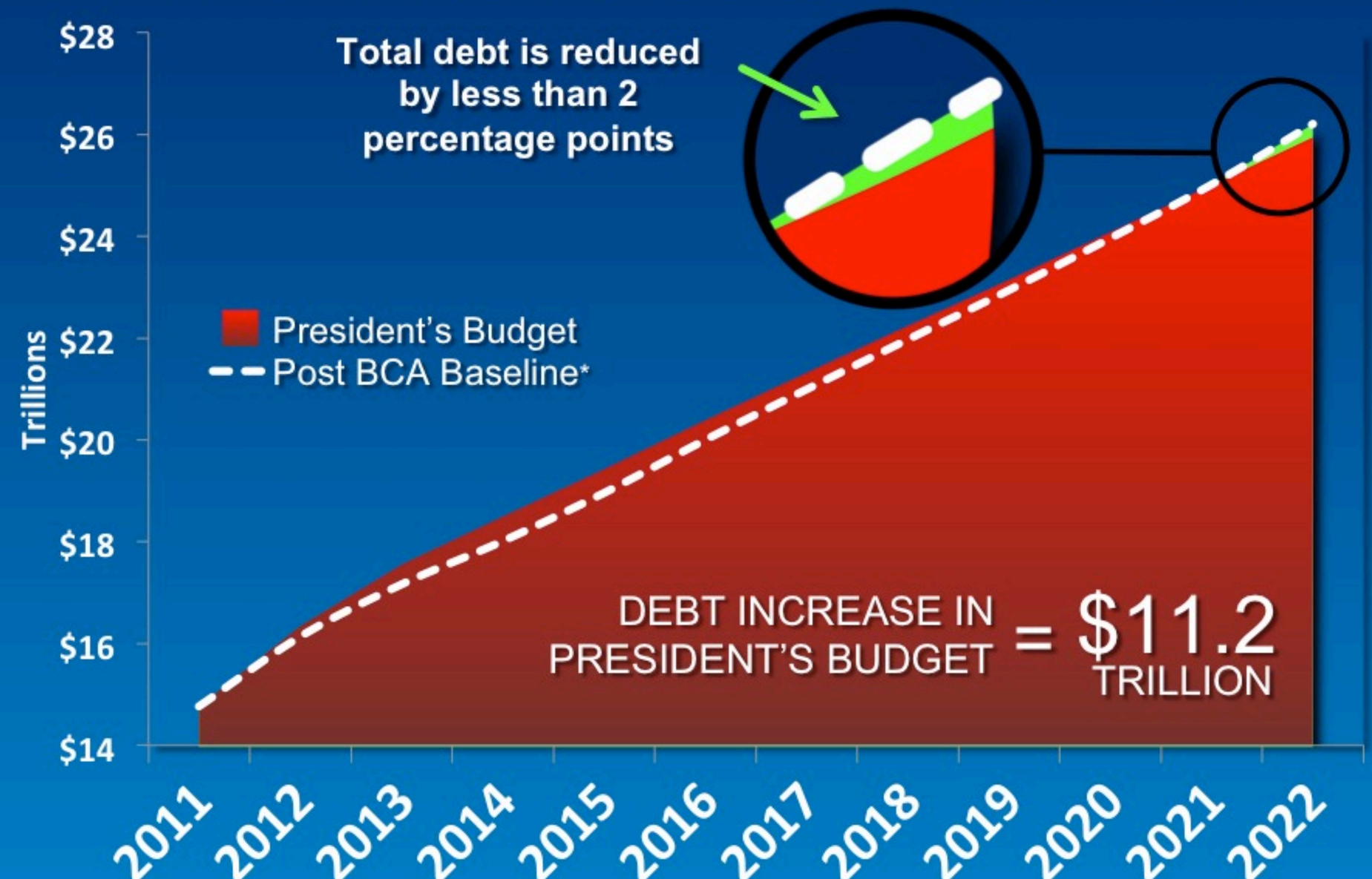
FIGURE 4

Chart 5-1. Publicly Held Debt Under 2013 Budget Policy Extended



Where is the President's $4 Trillion Savings?

Gross Debt Increases to $26 Trillion, Matching Current Policy*



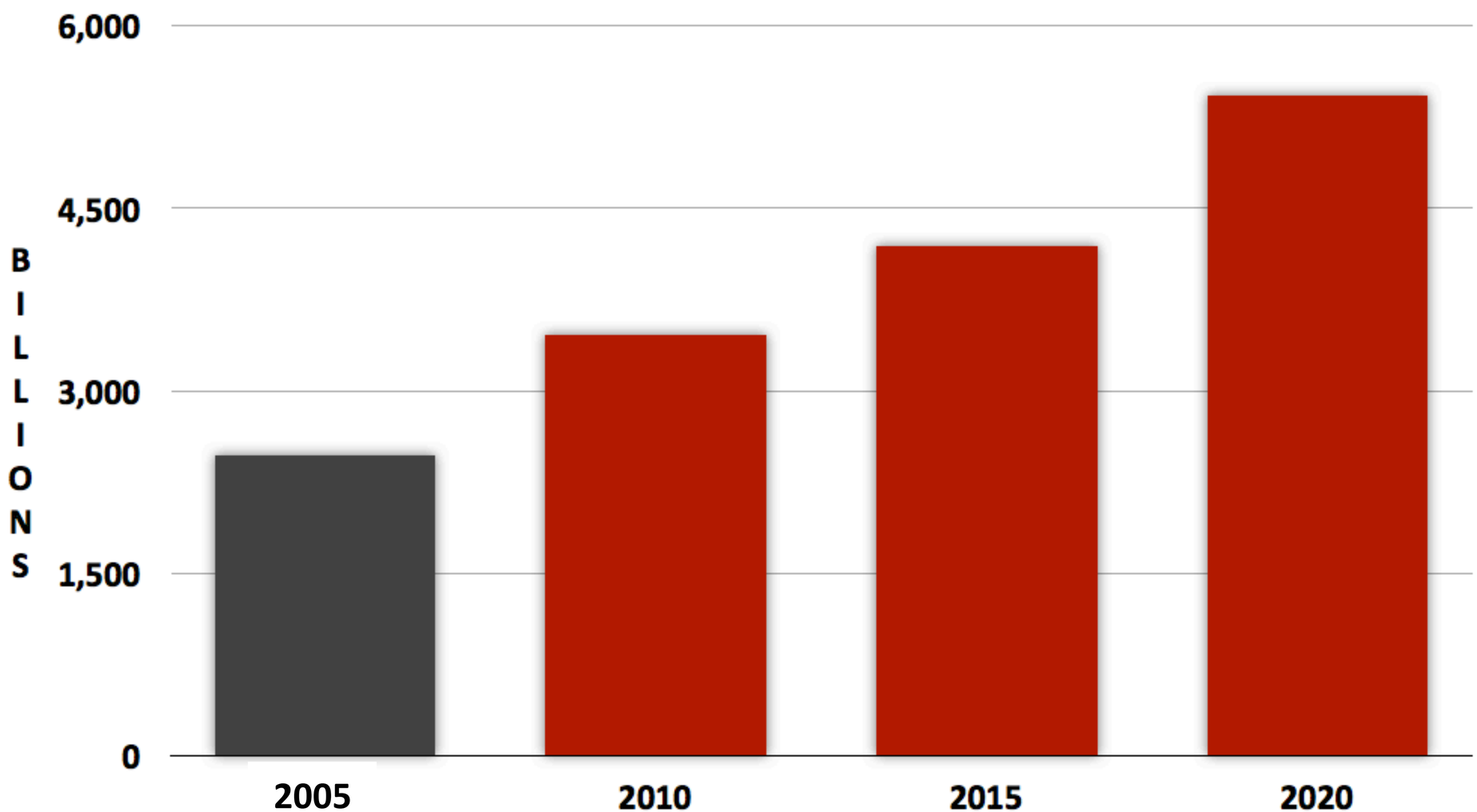
SOURCE: HBC and SBC Republican Staff, CBO, OMB

* OMB Adjusted Baseline, excluding physician payment freeze & OCO savings

MSU

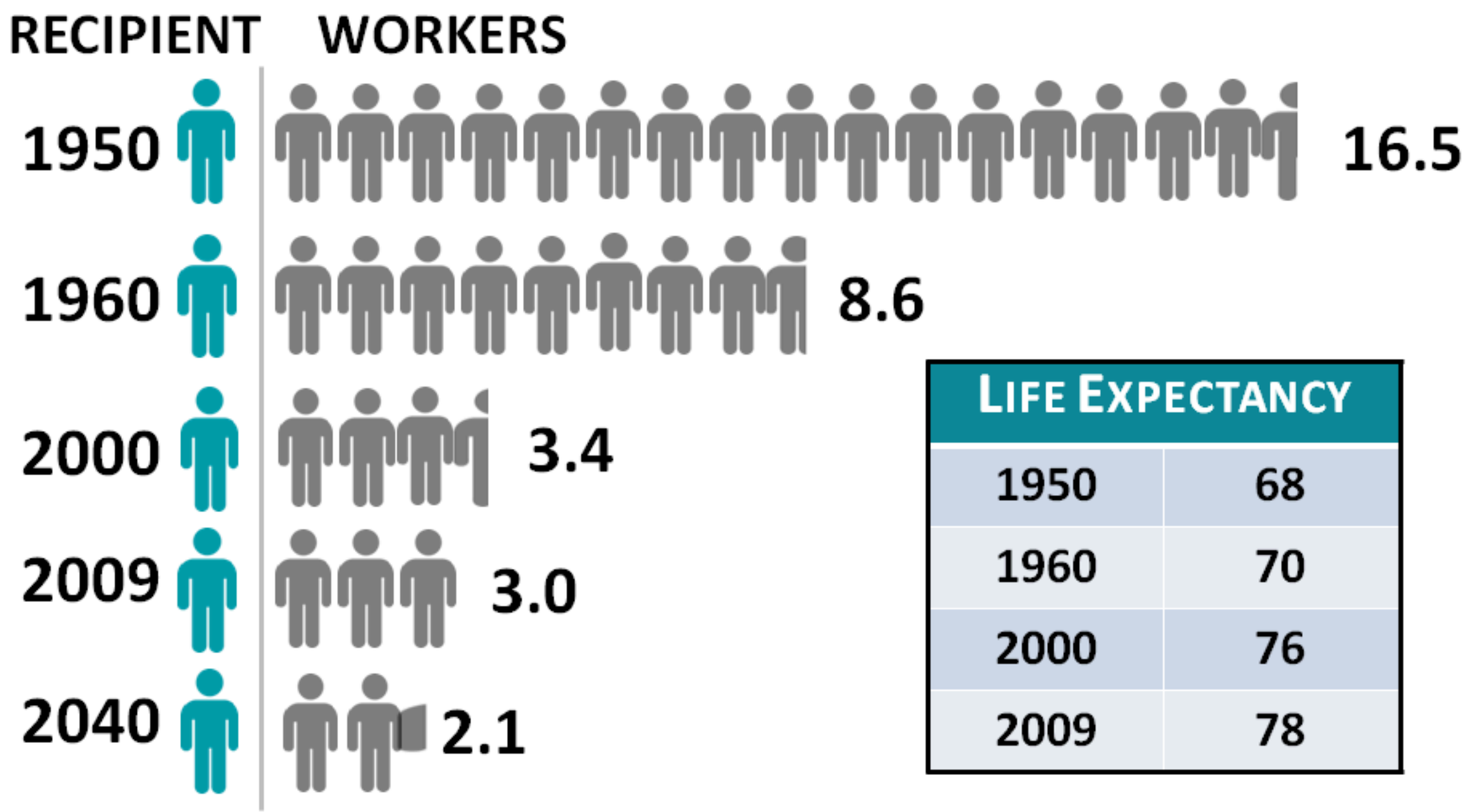
Reckless Spending Spree

Government Spending in Billions of Dollars, Under Obama Budget



Source: CBO

Taxpayers Supporting Each Social Security Recipient



Life Expectancy	
1950	68
1960	70
2000	76
2009	78

Source: Social Security Administration, *The 2010 Annual Report of the Board of Trustees*; Centers for Disease Control, *U.S. Life Tables*