

# A Citizen's Guide to the Federal Budget

## Budget of the United States Government

*Fiscal Year 2001*

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### **5. The President's 2001 Budget**

The President's 2001 Budget promises the fourth balanced budget of this Administration. With it, the Nation's fiscal house is in order. The budget upholds fiscal discipline while investing wisely in our Nation's priorities. The policy of fiscal discipline which President Clinton pursued from the start of his term has produced a profound reversal of course, replacing the largest Federal budget deficit in history with the largest surplus in history. As a result, we have created the conditions for unprecedented prosperity, and we prepared to meet the challenges of the new century by expanding opportunity and prosperity to all reaches of the Nation.

The President is committed to saving Social Security and Medicare and ensuring the long-range health of these plans. The pending retirement of America's baby boomers will put significant pressure on these important programs. The President's efforts have led to a general acceptance of the vital importance of protecting the Social Security surplus. The next step is to extend Social Security solvency through debt reduction. The President's plan to save Social Security will protect the entire Social Security surplus, dedicating it to pay down the debt and extend the solvency of the program to mid-century. This plan will extend Medicare until 2025, modernizing it with a needed prescription drug benefit. While respecting fiscal discipline, the budget also invests wisely in the American people, through investments that will promote economic growth, advance our quality of life, including health, safety and a clean environment, protect our national security, and otherwise provide for our Nation's needs in the future. The budget invests in education and training so Americans can make the most of this economy's opportunities. It invests in health and the environment to improve our quality of life. It invests in our security at home and abroad and strengthens law enforcement with the resources they need to safeguard our national interests.

The President's budget makes these investments while maintaining the discipline that has been the hallmark of this Administration's fiscal policy. The budget forecasts that the Government will produce a surplus again this year, and will continue to do so for decades to come. Our success in eliminating the budget deficit has brought with it unprecedented prosperity to the Nation. It is now our responsibility to maintain this fiscal discipline at a time of prosperity, to meet the challenges of the aging of America and to provide for the investments that will keep our Nation strong in the future.

**Investing in Our Future**

The President's budget maintains fiscal discipline while building on efforts to invest in the American people. It continues his policy of helping working families with their basic needs--raising their children, sending them to college, and expanding access to health care. It invests in education and training, the environment, science and technology, law enforcement, and other priorities to help raise the standard of living and quality of life of Americans.

In this budget, the President is proposing major initiatives that will continue his investments in high-priority areas--from expanding access to health insurance for low-income children and extending it to their hard-working parents, to helping working parents with their child care expenses; to helping States and school districts recruit and prepare thousands more teachers and build thousands more classrooms, and, to making every effort to fight gun violence.

The President has sought to support working families, to encourage responsibility and to help balance the demands of work and family. In this budget he proposes an expansion of the Earned Income Tax Credit to lift more hard-pressed working families out of poverty. He proposes making child care more affordable, accessible and safe, by expanding tax credits for middle-income families and for businesses to expand their child care resources. The budget proposes an Early Learning Fund, to promote activities to improve early childhood education and the quality of child care for those under age five.

The President has worked hard to expand health care coverage and improve the Nation's health. The budget seeks to expand the State Children's Health Insurance Initiative, established in 1997, to provide access to health care coverage for low-income children and to extend it to their hard-working parents. The budget gives new insurance options to hundreds of thousands of Americans aged 55 to 65. The President's budget proposes initiatives to help patients, families, and care givers cope with the burdens of long-term care. It enables more Medicare beneficiaries to receive promising cancer treatments by participating more easily in clinical trials. And, it improves the fiscal soundness of Medicare and Medicaid through new management proposals, including programs to combat waste, fraud, and abuse.

The President's efforts have also enhanced access to, and the quality of, education and training. The budget takes the next step by continuing to help States and school districts reduce class size by recruiting and preparing thousands more teachers and repairing and building thousands more classrooms. The budget proposes a peer review initiative to raise teacher standards and teacher pay, and a school accountability initiative holding States and schools accountable for results by providing resources to identify and turn around the worst-performing schools, and incentives to reward States that do the most to improve student performance and close the achievement gap. The budget also proposes further increases in the maximum Pell Grant to help low-income undergraduates complete their college education.

The budget expands the interagency Lands Legacy initiative, which preserves our national heritage by protecting the Nation's natural treasures and historic places and advancing preservation of open spaces in communities. The resources will give State and local governments the tools for orderly growth while protecting and enhancing green spaces, clean water, wildlife habitats, and outdoor recreation. The budget proposes a dedicated and protected stream of funding for Lands Legacy to continue to meet these needs in the future. It also proposes an initiative to help reduce the threat of global

warming through clean energy technologies and an action plan to combat pollution in the Great Lakes.

The President has worked to bring peace to troubled parts of the world, and he has played a leadership role in Northern Ireland, Bosnia, and the Middle East. Last year, the United States stood against the vicious campaign of ethnic cleansing in Kosovo and is now helping to build stability and democracy there. We have worked to detect and counter terrorist threats and continue efforts with Russia and other former Soviet nations to halt the spread of dangerous weapons materials. The budget seeks to build on these efforts, with funding to build a more stable society in Kosovo, to further protect our men and women serving the Nation's interests through diplomacy overseas, and, in a 2000 emergency supplemental appropriations request, to provide critical assistance to the Government of Colombia in its fight against narcotics traffickers.

The Armed Forces of the United States serve as the backbone of our national security strategy. As it did successfully last year in Kosovo, the military must be in a position to protect our national security interests and guard against the major threats to U.S. security. This budget builds upon the major commitment last year to maintain military readiness, with additional resources for required training standards, maintain equipment in top condition, recruit and retain quality personnel, and procure sufficient spare parts and other equipment. This budget also provides resources to combat emerging threats, including terrorism, weapons of mass destruction and cyber crime, and to protect critical infrastructure.

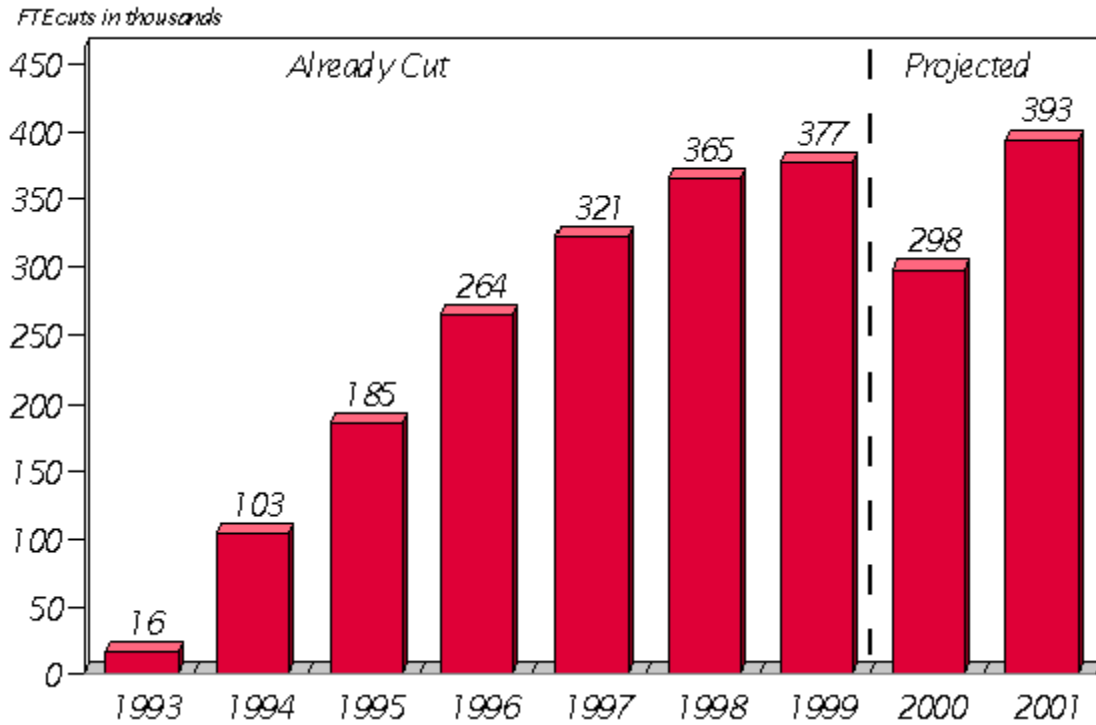
#### **Improving Performance Through Better Management**

A key element in the Administration's ability to expand strategic investments, while balancing the budget, is improving performance through better management. Improved stewardship of the Government can help it better achieve its mission and improve the quality of life for all Americans. To this end, the President and Vice President have streamlined Government, reducing its work force by 377,000, and eliminated obsolete or duplicative programs (see Chart 5-1).

The Administration is working to create not just a smaller Government--but a better one, Government that provides services and benefits to its ultimate customers, the American people. When Government works for the people--when citizens receive good basic services and have faith in the Government that provides them--their trust in Government can be restored.

Therefore, the Administration is forging ahead with new and additional efforts to improve the quality of the service that the Government offers its customers. It has identified its highest priorities--24 Priority Management Objectives (PMOs) that will receive heightened attention to ensure positive changes in the way Government works. These PMOs include modernizing student aid delivery, implementing IRS reforms, and improving the management of the Health Care Financing Administration, which oversees Medicare.

#### **Chart 5-1. Cuts in Civilian Employment**



*Note: in 1993, the President pledged to cut the Federal work force by 252,000 full-time equivalent (FTE) positions. Simply put, one full-time employee counts as one FTE, and two employees who work half-time also count as one FTE. There will be a temporary increase in employment due to the 2000 Census.*

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