



U.S. Congressman
Nick Rahall
WORKING FOR WEST VIRGINIANS

FOR IMMEDIATE RELEASE

FEBRUARY 4, 1991

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RAHALL SAYS BUDGET NOT FACING UP TO WAR COSTS

WASHINGTON, D.C. -- U.S. Rep. Nick Rahall (D-WV) today questioned the budget submitted by President Bush, saying that keeping the Desert Storm and S&L price tags off budget was a sham on the American people. He reiterated his plea to the President to face up to ever increasing war costs and to begin the rigorous process of collecting pledges owed the American government.

"This morning OMB Director Richard Darman promised us that \$51 billion in pledges were coming to the American people," said Rahall. "Well, I am here to tell you that pledges will not solve our S&L problem, it will not fix our health care system, it won't feed our children, and it certainly won't pay for this war."

Rahall introduced in January a resolution calling for the President to **seek out** new pledges and **collect** on prior commitments. In December Rahall, and 38 of his colleagues, signed a letter to President Bush urging him to pursue those goals outlined in the resolution.

"This war may well hurt us in the long run," said Rahall. "Every recent U.S. war has led to recession, and it may well force other allied nations into recession as well. And pledges have a funny way of being diluted when everyone is strapped for cash."

Rahall, who was a vocal opponent of last year's budget agreement because of the unnecessary burden it placed on lower to middle income families, said he was shocked by the President's request to slash an additional \$47 billion from entitlement programs above and beyond the \$100 billion over five years called for in the budget agreement.

"Just when you thought it was safe to pull out your wallet again, the Administration has found another way to put it to the American people," said Rahall. "And the cuts are as discriminate as ever."

What would happen if the President's budget were to pass as is:

- o \$47 billion in additional entitlement cuts including reductions in funding for: school lunches, student loans, foster child care, Medicare, and Social Security.

- o Cuts in Veterans compensation including home loans, pensions and rehabilitation.

- o Would zero out funding for the Economic Development Administration (EDA) **except if the money were used to shut the program down.**

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MEMO ON BUDGET HIGHLIGHTS

A preliminary look --- looks as follows:

1. Consolidated deficit for FY 91 - \$318 billion

above includes \$30 bil for desert storm but DOES NOT cover costs of actual combat.

2. The \$318 deficit in FY 91 represents an increase from projected (last year's budget agreement) of \$220 billion -- increase: \$98 billion

3. Reasons for the increase in deficit of \$98 billion:

--\$105.5 SAVINGS AND LOAN and Bank insurance bailouts AND

--an \$87 billion decrease in previously estimated revenues due to recession.

4. Last year's budget reduced entitlements by \$100 billion (over 5 years)

5. This budget asks for a further \$47 billion cut in entitlements, which includes (over 5 years) :

--school lunches
--student loans
--foster child care
--Medicare
--SSI
--Repeals Trade Adjustment Assit for unemployed due to competition from foreign imports

--cuts in Veterans cmpensation, pensions, home loans, rehabilitatin

--Expands Corps of Engineers user fees at recreation sites

--Requires postal serv ice to pay even larger share of COLA's and hlth care premiums

--Places Railroad Retirees on Social Security (and then requires the RR Pension fund to pay 25 percent of any so-called windfall benefits.

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BLOCK GRANTS WOULD INCLUDE:

--education
--EPA Construction grants
--AFDC medicaid and food stamps

--Low income Home energy assistance
--Social Services block grants
--public and subsidized housing grants
--community development block grants