



May 21, 2008

Hon. Kent Conrad
Chairman
Senate Budget Committee
U.S. Senate
Washington, DC 20515

Dear Chairman Conrad:

OMB Watch is writing to express our support for the recently released conference agreement on the FY 2009 Budget Resolution, which the Senate will be voting on this week. The resolution is a distinct improvement over the budget submitted to Congress by President Bush in February in a number of aspects. It provides an additional \$21 billion in domestic investments and reflects priorities more consistent with the needs of Americans, particularly under increasingly difficult economic conditions.

For example, given sharp price increases in recent months for everyday household items such as milk and bread and heating, the budget resolution acknowledges the impact these increases have had and adds funds for critical programs like Women, Infants and Children (WIC) and the Low Income Home Energy Assistance Program (LIHEAP) as well as the refundable Child Tax Credit and unemployment insurance. Equally important, the resolution staves off cuts proposed in the president's budget for housing, health care, nutrition, education and employment.

In light of the many years of cuts to urgently needed services and need deepened by the slowdown in the economy, the increase in domestic appropriations provided in the budget agreement should only be viewed as a first step. We appreciate your efforts to maximize services and supports for low-income Americans, and strongly believe continuing to invest in these priorities will provide both a short-term boost and long-term investment in our economic recovery.

We also realize that passage of this budget would represent a signal legislative accomplishment, for it would be the first time in the Bush era that Congress has been able to pass a budget resolution during an election year. Even in the years when the president's party controlled both the House and Senate, Congress has not been able to fulfill one of its few constitutional responsibilities – passing a budget for the federal government.

The budget resolution going before the Senate today is not ideal however. During negotiations, instructions to pay for a one-year hold-harmless patch for the Alternative Minimum Tax (AMT) that appeared in the House version were dropped. It remains to be seen how well this Congress will uphold its commitment to fiscal responsibility, particularly with regard to the AMT. It is still

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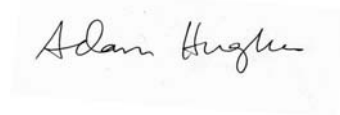
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possible to hold true to PAYGO principles expressed in the original House version of this resolution without reconciliation instructions. We urge you to continue your leadership in pressing for offset tax and spending legislation the rest of this year to ensure the important investments outlined in this agreement will not increase future deficits and remain sustainable for years to come.

The end result – a product of months of compromise – is a budget that better serves the American people by addressing their most pressing needs and honoring their fundamental priorities. Much more could have been done and may yet still be accomplished. But this year's budget is significant improvement over the president's proposal and lays the foundation to reversing years of disinvestment in American communities and fiscal mismanagement of federal resources.

We urge the adoption of the FY 2009 conference agreement on the Budget Resolution and thank you for your continued leadership in the Senate to enact important, fiscally-responsible investments that reflect the right priorities for the American people.

Sincerely,

A handwritten signature in cursive script that reads "Adam Hughes". The signature is written in dark ink on a light-colored, slightly textured paper background.

Adam Hughes
Director of Federal Fiscal Policy

cc: Speaker Nancy Pelosi
Majority Leader Harry Reid
House Budget Committee Chairman John Spratt