

Congress of the United States
House of Representatives
Washington, DC 20515-4901

April 29, 2011

Most Reverend Timothy Dolan, Archbishop of New York
1011 First Avenue
New York, NY 10022

Your Excellency:

As Chairman of the House Budget Committee, I wanted to share with you some observations surrounding the current budget debate. Catholic Americans are blessed to have the social teaching of the Church as moral guidance as we consider legislative proposals such as the Fiscal Year 2012 Budget, which was written by the Budget Committee and passed by the House of Representatives earlier this month.

The House Budget constitutes a break with recent budgets and takes federal policy in a changed direction which we describe as a “path to prosperity.” Our Budget outlines overdue reforms of the nation’s safety net programs for working and poor families, implicating the social Magisterium and creating a necessary dialogue about government programs among fellow Catholics.

The Church normally and rightly refrains from pronouncing directly on specific legislation—the subject of prudence about which there is a legitimate diversity of choice and judgment—but properly brings to light the moral principles that inform legislative deliberation. Given the conversation among laity as well as clergy about the purpose and consequences of the House Budget, I offer this letter to provide facts about our Budget to help advance an informed debate in light of social teachings about the well-being of the family, subsidiarity, the preferential option for the poor, and the dignity of the human person.

Our current economic condition is not healthy, and the prognosis is poor. Millions of Americans remain out of work, and investment in new and expanded business development proceeds too slowly. Further heightening economic uncertainty is the explosive growth of government debt, propelled by uncontrolled spending, and threatening an economic crisis here at home. Having failed to take proper action in advance, many European nations have sought to cope with their debt-driven crises through harsh and painful measures, including drastic cuts in benefits to the retired, the sick, the poor, and millions of public employees. Unsurprisingly, this austerity has generated widespread protests, riots, and violence. The social concerns of the Church cannot be addressed under these conditions.

The US has been traveling on a similar path for years. Both political parties bear responsibility for reckless overspending. Irresponsible leadership and empty promises from the political class have resulted in today’s economic stagnation and impending debt

crisis. Standard & Poor recently lowered its rating of our government's economic prospect from stable to negative. Bondholders and traders around the world will not ignore the rising lending risk associated with the negative warning. The result will be higher interest rates on future US debt, driving deficits higher and accelerating the oncoming crisis. Ultimately the weakest will be hit three times over: by rising costs, by drastic cuts to programs they rely on, and by the collapse of individual support for charities that help the hungry, the homeless, the sick, refugees and others in need.

It is not too late to reform the programs driving our debt in time to avoid austerity and promote prosperity. Taking action now can ensure we meet future challenges of poverty, health care, education, business and job creation, and other concerns for the welfare of our people.

The House Budget's overarching concern is to control and end the mortal threat of exploding debt. By scaling back Washington's excesses, the budget will reduce deficits by \$4.4 trillion over the next decade compared to the President's budget proposal. The House Budget is intended to restore the confidence of job creators in order to encourage expansion, growth, and hiring today. The budget better targets assistance to those in need, repairs the social safety net, and fulfills the mission of health and retirement security for all Americans. The budget reforms welfare for those who need it – the poor, sick, and vulnerable; it ends welfare for those who don't – entrenched corporations, the wealthiest Americans. It's a plan of action aimed at strengthening economic security for seniors, workers, families, and the poor.

Our Budget is designed to protect the two drivers of our economy: *opportunity* and *security*.

By reducing spending and deficits, the Budget bends the rising debt curve downward, keeping interest rates low not only on government borrowing but on credit for private commercial, nonprofit, and personal loans. To promote opportunities for growth, our Budget does *not* cut taxes for the rich, as some have incorrectly charged. Rather, our Budget prevents tax increases on families and job creators, as called for by the President and those seeking to chase ever-higher spending with ever-higher taxes. The Budget proposes that taxes be flattened and broadened, and most loopholes—which largely benefit upper income earners—be abolished. The tax reforms called for in this budget are revenue neutral, but simplification will encourage more business growth and job creation.

Our Budget contains a work-related measure specifically addressed to the need of lower income earners for job training. There are now dozens of inconsistent and overlapping job training programs scattered across federal agencies. We have consolidated them into more accessible, accountable career scholarships that empower workers to choose training programs that best help them compete in the global economy. Work Scholarships will help advance the upward social mobility of younger, undereducated, and new American citizens.

Regarding security, our Budget reaffirms the social contract our nation made with working families, by reforming and strengthening their safety net programs, especially with respect to Medicare and Medicaid. These “entitlement” spending rates are the greatest drivers of our national debt; they have never been controlled or reformed, and are now threatened with insolvency. Entitlement spending, including Social Security, will soon take up 100 percent of federal revenues, leaving literally no dollars for defense, education, infrastructure, or even administration. Medicare’s funds will be exhausted in 9 years. No course is more heartless and unjust than to ignore the unraveling of the safety net which retired workers rely on for income and health care.

Our Budget revitalizes Medicare’s protection for America’s seniors. It’s an “under-55” plan’ that does not change Medicare for current or near retirees. For those now 54 and under, our proposal opens up a broad variety of approved health insurance plans from which each beneficiary chooses the best option for his or her needs. The federal government makes Medicare premium payments (not “vouchers,” as wrongly claimed) to the guaranteed health coverage plan that works best for the individual and their family, giving future beneficiaries access to the same kinds of health care options that Members of Congress now enjoy. The proposal is consistent with the preferential option for the poor, providing more support for low income groups and the sick, and slows the growth of support for the wealthiest Americans with less need. These reforms protect and preserve Medicare – with no disruptions – for current seniors and those nearing retirement, and offer a strengthened, personalized Medicare program that future generations can count on. While inaction will surely bankrupt this critical program, our gradual reforms **save Medicare**.

The Budget’s reform of Medicaid and other proposals is also informed by the principle of subsidiarity. As the *Compendium of the Social Doctrine of the Church* (§. 186) instructs: “it is an injustice and at the same time a grave evil and disturbance of right order to assign to a greater and higher association what lesser and subordinate organizations can do.” In American political terms, this is the same purpose as “federalism.” As currently structured, the Medicaid program for the poor has caused the states’ spending match to skyrocket to unsustainable levels, and oversight and administration are inadequate. Our Budget repairs this critical program by providing a block grant of Medicaid funds to the states, allowing them greater flexibility to administer and supplement federal support levels to suit the unique needs of each. “Subsidiary” and “federalism” both counsel that the states, as “subordinate organizations” closer to the people, can do better in applying funds to the neediest.

Finally, although the Budget is Congress’ comprehensive spending and revenue plan, my colleagues and I, in developing this Budget, never forgot that the Budget is not just about numbers but about the character and common good of the American people. This Budget is rooted in the dignity of the human person. It honors responsibility to family and self, work, self-restraint, community, and self-government both individually and collectively.

The vast network of centralized bureaucracies under a government that grows without limits has reached the point where an increasing majority of citizens are now receiving

more in government payments than they provide in revenues. We believe human dignity is undermined when citizens become passive clients living on redistributions from government bureaucracies. Twenty years ago Blessed Pope John Paul the Great identified these problems as the 'Social Assistance State' in his encyclical *Centesimus Annus*: "By intervening directly and depriving society of its responsibility, the Social Assistance State leads to a loss of human energies and an inordinate increase of public agencies, which are dominated more by bureaucratic ways of thinking than by concern for serving their clients, and which are accompanied by an enormous increase in spending." (*Compendium*, §. 187.) What he warned against as a threat to human dignity is now being realized in America.

Our Budget marks out a new path that restores and respects human dignity by addressing these concerns, encouraging our people to take control of their well-being, to make wise choices about the future of their families, in work, education, investment, savings and all areas of social life. Sustaining national moral character and human dignity have been our paramount goal in developing this Budget.

Nothing but hardship and pain can result from putting off the issue of the coming debt crisis, as many who unreasonably oppose this Budget seem willing to do. Those who represent the people, including myself, have a *moral obligation*, implicit in the Church's social teaching, to address difficult basic problems before they explode into social crisis. This is what we have done, to the best of our ability, in our Fiscal Year 2012 Budget Resolution.

I hope these facts, considered in the light of the social Magisterium, contribute to the ongoing healthy dialogue about the nation's budget and the economic foundations that make possible the exceptional generosity of Americans of every faith.

Sincerely,



Paul Ryan