

FOIA MARKER

**This is not a textual record. This is used as an
administrative marker by the William J. Clinton
Presidential Library Staff.**

Collection/Record Group: Clinton Presidential Records
Subgroup/Office of Origin: National Economic Council
Series/Staff Member: Gene Sperling
Subseries:

OA/ID Number: 19189
FolderID:

Folder Title:
Contract With America Folder 1

Stack:	Row:	Section:	Shelf:	Position:
S	17	5	11	1



DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 20220

January 12, 1995

The Honorable Howard Dean, M.D.
Chairman, National Governors' Association
Office of the Governor
Montpelier, VT 05659

Dear Governor Dean:

I write to answer your request for information on the likely effects of passage of a balanced-budget amendment, accompanied by "Contract with America" federal tax reductions, on state budgets and state taxes.

Enclosed is a set of estimates that Treasury staff have constructed of the possible effect on states and their finances of a constitutional amendment requiring the balancing of the federal budget in 2002, accompanied by the tax reductions mentioned above. These estimates are based on the following assumptions: (I) that the federal budget would be balanced through spending cuts, (II) that Social Security and Defense spending would not be reduced below baseline, and thus (III) that the entire burden of balancing the federal budget would be placed on non-interest, non-Social Security, non-Defense spending, as proposed methods for balancing the budget and financing various tax cuts excludes Social Security and Defense.

The estimates assume that every expenditure--interest, Social Security, and Defense aside--would be reduced relative to baseline by the same proportional amount. The estimates assume that the deficit reduction will be phased in gradually, an equal amount in each year between now and 2002. This arrangement of the spending cuts results in substantial interest savings relative to the baseline in 2002, and thus reduces the amount of non-interest spending that must be cut in 2002 to balance the budget.

Nevertheless, the cuts required in 2002 would be severe. To help balance the budget and help offset the tax reductions noted above, federal grants to states would be cut by a total of \$97.8 billion in fiscal 2002. Other federal spending that directly benefits state residents would be cut by \$242.2 billion in fiscal 2002.

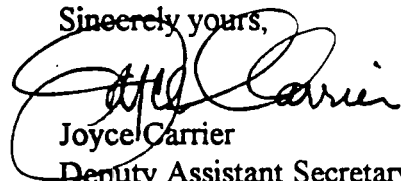
The cuts in grants--in Medicaid, highway funds, AFDC, and other grants--and the cuts in other spending--on Medicare and on other spending--were distributed across states proportionately to current levels of federal expenditures. Also reported is the amount by which total state taxes would have to be raised if the state wished to fully offset the reduction in federal grants.

Grants to states in the aggregate, to specific states, and to states for specific programs may be cut by more or by less than projected here. Yet, without further detail, the most reasonable method for illustrating the likely burdens on states is to assume across-the-board proportional cuts.

Note, also, that these estimates do not incorporate any significant feedback effects: it is possible that shifts in monetary policy would not be able to fully offset the downward macroeconomic impact of a balanced-budget amendment. To the extent that implementation of an amendment slows growth and reduces state revenues, the gap would be somewhat larger and the effect on state finances somewhat more severe. On the other hand, balancing the federal budget could have substantial positive effects on the U.S. economy, which would promise to raise state revenues as state economic activity increased. Such effects are not discussed here.

Note, finally, that this set of estimates is far from being a complete analysis of a balanced-budget amendment. Its principal function is to identify and evaluate the approximate impact on state government finances of a constitutional amendment that requires federal budget balance by 2002.

Sincerely yours,



Joyce Carrier
Deputy Assistant Secretary
for Public Liaison

THE IMPACT OF A BALANCED-BUDGET AMENDMENT AND THE CONTRACT WITH AMERICA ON STATE FINANCES

CONTENTS

SUMMARY TABLES:

Table 1. Balanced-Budget Amendment

Table 2. Balanced-Budget Amendment Plus Contract with America Tax-
Reduction Proposals

INDIVIDUAL STATE REPORTS:

METHODOLOGY:

Table 1
Spending Reductions under Balanced Budget Amendment, FY 2002 (\$mil)

State	Cuts in Grants to State Governments					Required State Tax Increase	Cuts in Other Federal Spending		
	Total	Medicaid	Highway	AFDC	Other		Total	Medicare	Other
U.S. Total	71,300	40,314	5,176	4,508	21,301	N.A.	176,492	77,475	99,017
Alabama	1,162	641	98	32	391	16.4%	3,058	1,157	1,900
Alaska	306	89	71	19	127	9.8%	576	44	532
Arizona	919	519	78	68	254	10.4%	2,397	949	1,447
Arkansas	723	416	65	16	225	16.5%	1,567	766	800
California	7,708	3,944	442	960	2,362	9.2%	20,321	9,101	11,220
Colorado	755	387	79	36	253	11.8%	2,764	721	2,044
Connecticut	1,008	587	105	63	253	11.2%	1,843	1,089	755
Delaware	158	70	18	9	61	7.2%	383	176	207
DC	697	183	17	24	473	20.4%	4,937	313	4,624
Florida	2,656	1,520	202	170	764	10.2%	9,782	5,336	4,446
Georgia	1,608	938	131	101	438	12.0%	3,790	1,392	2,398
Hawaii	328	117	62	24	125	6.8%	737	216	522
Idaho	254	118	33	8	95	9.9%	855	218	637
Illinois	2,576	1,354	174	155	892	11.6%	7,532	4,092	3,441
Indiana	1,490	956	123	54	357	13.8%	2,531	1,497	1,034
Iowa	630	328	69	35	197	10.9%	1,919	897	1,022
Kansas	622	355	52	29	186	13.0%	1,730	819	911
Kentucky	1,157	690	69	56	341	14.5%	2,111	952	1,159
Louisiana	1,966	1,500	94	48	324	27.8%	2,361	1,066	1,296
Maine	452	279	28	24	121	17.5%	717	385	331
Maryland	1,125	581	83	65	396	9.9%	6,253	1,377	4,876
Massachusetts	1,915	1,073	248	135	459	12.6%	4,683	2,449	2,234
Michigan	2,477	1,355	140	229	753	13.2%	4,988	3,333	1,655
Minnesota	1,177	679	102	83	314	9.4%	2,547	1,123	1,424
Mississippi	864	496	61	24	282	20.8%	1,672	713	959
Missouri	1,316	747	109	62	398	15.5%	3,942	1,781	2,161
Montana	277	123	52	12	89	19.8%	744	218	526
Nebraska	388	192	44	23	129	13.3%	1,213	482	732
Nevada	227	116	32	11	68	6.2%	1,005	258	747
New Hampshire	212	112	31	11	58	17.6%	563	270	293

Table 1
Spending Reductions under Balanced Budget Amendment, FY 2002 (\$mil)

State	Cuts in Grants to State Governments					Required State Tax Increase	Cuts in Other Federal Spending		
	Total	Medicaid	Highway	AFDC	Other		Total	Medicare	Other
New Jersey	2,476	1,500	141	129	705	12.7%	4,653	2,894	1,759
New Mexico	524	233	70	28	193	12.9%	2,117	321	1,796
New York	8,181	5,442	274	535	1,930	17.4%	11,058	6,876	4,182
North Carolina	1,697	1,025	136	95	441	11.1%	3,217	1,432	1,785
North Dakota	229	105	35	8	81	19.7%	563	231	332
Ohio	2,826	1,718	170	212	727	14.4%	6,007	3,442	2,565
Oklahoma	770	424	51	51	244	12.4%	2,110	934	1,177
Oregon	706	342	54	47	263	12.2%	1,976	833	1,143
Pennsylvania	3,057	1,767	211	178	901	12.7%	8,555	5,120	3,435
Rhode Island	430	255	42	23	109	21.4%	619	347	272
South Carolina	1,003	644	68	31	260	14.3%	2,217	682	1,535
South Dakota	231	103	39	6	82	24.7%	577	205	372
Tennessee	1,537	989	78	60	411	19.5%	3,845	1,349	2,496
Texas	4,167	2,520	340	147	1,159	14.0%	10,758	4,280	6,479
Utah	422	190	49	22	160	11.4%	1,078	235	842
Vermont	207	89	37	13	68	17.4%	301	150	151
Virginia	1,005	490	72	49	393	8.2%	6,073	1,374	4,699
Washington	1,318	730	117	126	346	8.4%	3,569	1,107	2,463
West Virginia	765	488	45	32	199	20.6%	1,209	600	608
Wisconsin	1,250	694	111	96	349	10.3%	2,480	1,503	977
Wyoming	218	55	38	8	118	18.7%	286	96	191
State Total	70,172	40,271	5,093	4,480	20,328	12.6%	172,792	77,199	95,593
Undist. & Terr.	1,127	43	83	28	973	N.A.	3,700	276	3,424

Table 2
Spending Reductions under Contract with America, FY 2002 (\$mil)

State	Cuts in Grants to State Governments					Required State Tax Increase	Cuts in Other Federal Spending		
	Total	Medicaid	Highway	AFDC	Other		Total	Medicare	Other
U.S. Total	97,825	55,312	7,102	6,185	29,226	N.A.	242,151	106,298	135,854
Alabama	1,594	879	135	44	536	22.5%	4,195	1,588	2,608
Alaska	420	123	98	26	174	13.5%	790	60	730
Arizona	1,261	712	108	93	348	14.2%	3,288	1,302	1,986
Arkansas	992	571	90	23	309	22.7%	2,150	1,052	1,098
California	10,576	5,412	607	1,317	3,241	12.6%	27,880	12,486	15,394
Colorado	1,036	531	108	49	347	16.2%	3,793	989	2,804
Connecticut	1,383	805	145	86	348	15.4%	2,529	1,494	1,035
Delaware	217	97	25	12	83	9.8%	526	241	284
DC	956	252	23	32	650	27.9%	6,774	429	6,345
Florida	3,644	2,086	277	233	1,048	14.0%	13,421	7,321	6,100
Georgia	2,206	1,286	180	138	601	16.5%	5,200	1,910	3,290
Hawaii	450	161	85	32	172	9.3%	1,012	296	716
Idaho	349	162	46	11	131	13.6%	1,173	299	874
Illinois	3,534	1,858	239	213	1,224	15.9%	10,334	5,614	4,721
Indiana	2,044	1,312	168	74	490	18.9%	3,473	2,054	1,419
Iowa	864	451	95	48	270	15.0%	2,633	1,231	1,402
Kansas	853	487	71	40	255	17.8%	2,374	1,124	1,249
Kentucky	1,587	947	95	77	468	19.8%	2,896	1,306	1,590
Louisiana	2,697	2,059	129	66	444	38.2%	3,240	1,462	1,778
Maine	621	383	38	33	166	24.0%	983	529	454
Maryland	1,543	798	113	89	543	13.5%	8,579	1,889	6,690
Massachusetts	2,627	1,472	340	185	630	17.3%	6,425	3,360	3,065
Michigan	3,398	1,859	192	314	1,034	18.1%	6,844	4,572	2,271
Minnesota	1,615	931	139	113	431	13.0%	3,494	1,541	1,954
Mississippi	1,185	681	84	33	387	28.5%	2,294	978	1,316
Missouri	1,806	1,025	149	85	547	21.2%	5,408	2,444	2,965
Montana	380	169	71	17	123	27.1%	1,021	298	722
Nebraska	533	264	60	31	177	18.3%	1,665	661	1,004
Nevada	312	159	44	15	94	8.6%	1,379	354	1,025
New Hampshire	291	154	43	16	79	24.1%	773	370	403

Table 2
Spending Reductions under Contract with America, FY 2002 (\$mil)

State	Cuts in Grants to State Governments					Required State Tax Increase	Cuts in Other Federal Spending		
	Total	Medicaid	Highway	AFDC	Other		Total	Medicare	Other
New Jersey	3,397	2,059	194	177	968	17.5%	6,384	3,971	2,413
New Mexico	719	320	96	38	265	17.6%	2,904	440	2,464
New York	11,225	7,466	376	734	2,649	23.8%	15,172	9,435	5,738
North Carolina	2,329	1,406	187	130	605	15.2%	4,414	1,965	2,449
North Dakota	314	144	48	10	111	27.0%	773	317	455
Ohio	3,878	2,358	233	290	997	19.8%	8,242	4,722	3,520
Oklahoma	1,056	582	70	69	335	17.0%	2,896	1,281	1,615
Oregon	969	469	75	65	361	16.8%	2,711	1,143	1,568
Pennsylvania	4,194	2,424	290	244	1,237	17.4%	11,738	7,025	4,713
Rhode Island	590	350	58	32	150	29.3%	849	476	373
South Carolina	1,376	883	94	42	357	19.6%	3,042	935	2,106
South Dakota	316	142	53	9	113	33.8%	792	281	511
Tennessee	2,109	1,357	107	82	563	26.7%	5,275	1,850	3,425
Texas	5,717	3,457	466	202	1,591	19.2%	14,761	5,872	8,889
Utah	579	261	68	31	220	15.6%	1,479	323	1,156
Vermont	284	122	51	18	93	23.9%	413	206	207
Virginia	1,379	673	99	68	539	11.2%	8,332	1,885	6,447
Washington	1,809	1,001	161	172	474	11.5%	4,897	1,518	3,379
West Virginia	1,049	670	62	44	273	28.3%	1,658	824	835
Wisconsin	1,716	952	153	132	479	14.2%	3,402	2,062	1,340
Wyoming	300	75	52	10	162	25.7%	393	131	262
State Total	96,278	55,253	6,988	6,147	27,891	17.3%	237,075	105,919	131,155
Undist. & Terr.	1,547	59	114	38	1,335	N.A.	5,077	378	4,698

Balanced Budget Amendment Estimation of State-by-State Effects

The following description provides information on the estimation and allocation of spending cuts under two scenarios that achieve a balanced budget by FY2002 without tax increases and with Social Security and defense excluded from spending reductions. The second scenario differs from the first in that it also incorporates a set of deficit-increasing provisions in the Contract with America (CWA). These provisions are all tax reductions except for a spending increase associated with relaxation of the Social Security earnings test. No specific defense spending increases discussed in the CWA are reflected in the simulations.

Step 1: Derive size of aggregate budget cuts.

Congressional Budget Office (CBO) baseline estimates of the Federal deficit were taken from Table 4 of the preliminary *Economic and Budget Outlook* dated January 5, 1995. Equal yearly deficit reductions, beginning in FY1996, were then computed which were sufficient to achieve a balanced budget by FY2002.

The required cuts take into account the interest savings that would result from lower deficits and debt; a 6.7 percent rate of interest was assumed throughout based on long-term CBO projections of the 10-year Treasury note rate. The estimates are static in nature and reflect no macroeconomic feedback--e.g., lower economic growth resulting from the contractionary effects of deficit reduction or higher growth resulting from lower tax rates. Deficit-reducing spending and tax changes of \$248 billion, or 22.5 percent of noninterest, nondefense, non-Social Security spending, would have to be made in FY2002 to achieve a balanced budget. The required cumulative deficit reduction is approximately \$1.3 trillion, of which about \$0.2 trillion occurs through interest savings.

A similar procedure was used to derive required spending reductions with the CWA's tax cut and Social Security spending amounts (and associated interest carrying costs) added to the CBO deficit baseline. Estimated revenue effects of the proposed tax reductions were obtained from the Treasury Department, Office of Tax Analysis. Annual costs of the proposed relaxation of the Social Security earnings test were taken from a National Economic Council staff working paper, September 20, 1994. The required percentage spending reduction is 30.9 percent in this scenario. The aggregate required cuts in total spending in FY2002 total \$340 billion.

Step 2: Derive allocation parameters for states.

Grants to state and local governments, as well as Social Security, defense, and other Federal spending, are reported in *Federal Expenditures by State for Fiscal Year 1993*. Our analysis divides intergovernmental grants into four components: Aid to Families with Dependent Children, Medicaid, highway trust fund grants, and all Other. It was assumed that all grants in the first three of these categories went directly to state governments. To estimate the local share of the Other category, we used estimates of total 1992 intergovernmental revenues from Federal to local governments in each state, as reported in the August 1994 Census publication

Government Finances, 1991-92: Preliminary Report. These state-by-state estimates were divided by the *Government Finances* estimates of Federal revenues to states and localities combined, less the values of AFDC, Medicaid, and highway grants from the FY1992 edition of *Federal Expenditures by State*. It should be emphasized that discrepancies between the *Government Finances* and *Federal Expenditures* aggregates, resulting from different definitions and sources, make this local vs. state decomposition of Other grants an imprecise process.

State tax revenues for the average of the 1990 and 1992 fiscal years was also taken from issues of *Government Finances*. The use of two years at different points in the business cycle was designed to mitigate cyclical influences on projected revenue.

Step 3: *Project FY2002 Grants and State Taxes.*

CBO's projected levels for FY2002 for Social Security, Medicare, and most other major spending categories were taken from the above-mentioned CBO report. For defense spending, the Administration's projection of FY2000 defense outlays was inflated by the annual rate of growth of total discretionary spending from FY2000 to FY2002 in the CBO projections.

The projection of grant amounts was also derived from the long-term CBO budget forecast. AFDC grants were projected using the ratio of 2002 to 1993 values of Other Mandatory spending as reported by CBO, respectively, in the January 5 report and on page 37 of *The Economic and Budget Outlook: Update* dated August 1994. (Unpublished figures on FY1993 Civil Service and military retirement spending were obtained from CBO.) Highway trust fund grants were projected using the ratio of 2002 to 1993 values of domestic discretionary spending; the 2002 value was estimated as estimated total nondefense discretionary spending multiplied by the FY2002 ratio of domestic to the sum of international and domestic discretionary spending in Table 4 of the January 5 report.

The category of Other grants was decomposed into discretionary and mandatory components. The Other mandatory component was defined to include: Agricultural Marketing Service funds for strengthening markets (Section 32); child nutrition programs; food stamp grants; special milk program; national grasslands payments to counties; social services block grants; foster care and adoption assistance; assistance for legalized aliens; other Administration for Children and Families grants; and Supplemental Security Income grants. These were projected in the same manner as AFDC, while the residual Other discretionary grants were projected in the same manner as highway grants.

Total baseline state taxes were projected to move in proportion to nominal U.S. Gross Domestic Product. The projection of GDP for calendar year 2000 was taken from Table 1 of the CBO January 5 report and increased by three years of assumed 2.3 percent real growth and 2.8 percent increases in the GDP price deflator. The growth in nominal GDP between 1991 and 2002 was converted to a per capita basis. Individual state taxes in FY2002 were then estimated by multiplying 1990-1992 average taxes by the product of 1991-2002 state population growth and the growth in U.S. per capita GDP. State population totals for 2000 and 2010 were drawn from

the 1994 Statistical Abstract, and our estimates for 2002 were interpolations of the 2000 and 2010 values.

Step 4: Derive required grant reductions and state tax increases.

The percentage reductions in FY2002 grants and other spending components necessary to achieve budget balance were, by assumption, equal to the aggregate percentage rate computed for all nondefense, non-Social Security spending. Finally, the percentage increase in the state tax levels necessary to make up the dollar loss in Federal grants to each state was computed.

Office of Economic Policy, Department of the Treasury, January 11, 1995

THE IMPACT OF A BALANCED BUDGET AMENDMENT AND THE CONTRACT WITH AMERICA ON THE STATE OF ALABAMA¹

- I. A Balanced Budget Amendment would reduce annual Federal grants to the Alabama state government by \$1.2 billion.**
- \$641 million per year in lost funding for Medicaid
 - \$98 million per year in lost highway trust fund grants
 - \$32 million per year in lost funding for welfare (AFDC)
 - \$391 million per year in lost funding for education, job training, the environment, housing, and other areas
 - *Alabama would have to increase state taxes by 16.4 percent across-the-board to make up for the loss in grants.*
- II. A Balanced Budget Amendment combined with the "Contract with America" tax cuts would require even deeper spending cuts, thereby reducing annual Federal grants to the Alabama state government by \$1.6 billion.**
- \$879 million per year in lost funding for Medicaid
 - \$135 million per year in lost highway trust fund grants
 - \$44 million per year in lost funding for welfare (AFDC)
 - \$536 million per year in lost funding for education, job training, the environment, housing, and other areas
 - *Alabama would have to increase state taxes by 22.5 percent across-the-board to make up for the loss in grants.*
- III. A Balanced Budget Amendment and the "Contract with America" tax cuts would reduce other annual Federal spending in Alabama by \$4.2 billion.**
- \$1.6 billion per year in Medicare benefits
 - \$2.6 billion per year in other spending including housing assistance, student loans, veterans' benefits, and grants to local governments

¹For all calculations, a balanced budget is achieved by FY 2002 through across-the-board spending cuts that exclude defense and social security.

THE IMPACT OF A BALANCED BUDGET AMENDMENT AND THE CONTRACT WITH AMERICA ON THE STATE OF ALASKA¹

- I. A Balanced Budget Amendment would reduce annual Federal grants to the Alaska state government by \$306 million.**
- \$89 million per year in lost funding for Medicaid
 - \$71 million per year in lost highway trust fund grants
 - \$19 million per year in lost funding for welfare (AFDC)
 - \$127 million per year in lost funding for education, job training, the environment, housing, and other areas
 - *Alaska would have to increase state taxes by 9.8 percent across-the-board to make up for the loss in grants.*
- II. A Balanced Budget Amendment combined with the "Contract with America" tax cuts would require even deeper spending cuts, thereby reducing annual Federal grants to the Alaska state government by \$420 million.**
- \$123 million per year in lost funding for Medicaid
 - \$98 million per year in lost highway trust fund grants
 - \$26 million per year in lost funding for welfare (AFDC)
 - \$174 million per year in lost funding for education, job training, the environment, housing, and other areas
 - *Alaska would have to increase state taxes by 13.5 percent across-the-board to make up for the loss in grants.*
- III. A Balanced Budget Amendment and the "Contract with America" tax cuts would reduce other annual Federal spending in Alaska by \$790 million.**
- \$60 million per year in Medicare benefits
 - \$730 million per year in other spending including housing assistance, student loans, veterans' benefits, and grants to local governments

¹For all calculations, a balanced budget is achieved by FY 2002 through across-the-board spending cuts that exclude defense and social security.

THE IMPACT OF A BALANCED BUDGET AMENDMENT AND THE CONTRACT WITH AMERICA ON THE STATE OF ARIZONA¹

- I. **A Balanced Budget Amendment would reduce annual Federal grants to the Arizona state government by \$919 million.**
 - \$519 million per year in lost funding for Medicaid
 - \$78 million per year in lost highway trust fund grants
 - \$68 million per year in lost funding for welfare (AFDC)
 - \$254 million per year in lost funding for education, job training, the environment, housing, and other areas
 - *Arizona would have to increase state taxes by 10.4 percent across-the-board to make up for the loss in grants.*

- II. **A Balanced Budget Amendment combined with the "Contract with America" tax cuts would require even deeper spending cuts, thereby reducing annual Federal grants to the Arizona state government by \$1.3 billion.**
 - \$712 million per year in lost funding for Medicaid
 - \$108 million per year in lost highway trust fund grants
 - \$93 million per year in lost funding for welfare (AFDC)
 - \$348 million per year in lost funding for education, job training, the environment, housing, and other areas
 - *Arizona would have to increase state taxes by 14.2 percent across-the-board to make up for the loss in grants.*

- III. **A Balanced Budget Amendment and the "Contract with America" tax cuts would reduce other annual Federal spending in Arizona by \$3.3 billion.**
 - \$1.3 billion per year in Medicare benefits
 - \$2.0 billion per year in other spending including housing assistance, student loans, veterans' benefits, and grants to local governments

¹For all calculations, a balanced budget is achieved by FY 2002 through across-the-board spending cuts that exclude defense and social security.

THE IMPACT OF A BALANCED BUDGET AMENDMENT AND THE CONTRACT WITH AMERICA ON THE STATE OF ARKANSAS¹

I. A Balanced Budget Amendment would reduce annual Federal grants to the Arkansas state government by \$723 million.

- \$416 million per year in lost funding for Medicaid
- \$65 million per year in lost highway trust fund grants
- \$16 million per year in lost funding for welfare (AFDC)
- \$225 million per year in lost funding for education, job training, the environment, housing, and other areas
- *Arkansas would have to increase state taxes by 16.5 percent across-the-board to make up for the loss in grants.*

II. A Balanced Budget Amendment combined with the "Contract with America" tax cuts would require even deeper spending cuts, thereby reducing annual Federal grants to the Arkansas state government by \$992 million.

- \$571 million per year in lost funding for Medicaid
- \$90 million per year in lost highway trust fund grants
- \$23 million per year in lost funding for welfare (AFDC)
- \$309 million per year in lost funding for education, job training, the environment, housing, and other areas
- *Arkansas would have to increase state taxes by 22.7 percent across-the-board to make up for the loss in grants.*

III. A Balanced Budget Amendment and the "Contract with America" tax cuts would reduce other annual Federal spending in Arkansas by \$2.1 billion.

- \$1.1 billion per year in Medicare benefits
- \$1.1 billion per year in other spending including housing assistance, student loans, veterans' benefits, and grants to local governments

¹For all calculations, a balanced budget is achieved by FY 2002 through across-the-board spending cuts that exclude defense and social security.

THE IMPACT OF A BALANCED BUDGET AMENDMENT AND THE CONTRACT WITH AMERICA ON THE STATE OF CALIFORNIA¹

- I. **A Balanced Budget Amendment would reduce annual Federal grants to the California state government by \$7.7 billion.**
 - \$3.9 billion per year in lost funding for Medicaid
 - \$442 million per year in lost highway trust fund grants
 - \$960 million per year in lost funding for welfare (AFDC)
 - \$2.4 billion per year in lost funding for education, job training, the environment, housing, and other areas
 - *California would have to increase state taxes by 9.2 percent across-the-board to make up for the loss in grants.*
- II. **A Balanced Budget Amendment combined with the "Contract with America" tax cuts would require even deeper spending cuts, thereby reducing annual Federal grants to the California state government by \$10.6 billion.**
 - \$5.4 billion per year in lost funding for Medicaid
 - \$607 million per year in lost highway trust fund grants
 - \$1.3 billion per year in lost funding for welfare (AFDC)
 - \$3.2 billion per year in lost funding for education, job training, the environment, housing, and other areas
 - *California would have to increase state taxes by 12.6 percent across-the-board to make up for the loss in grants.*
- III. **A Balanced Budget Amendment and the "Contract with America" tax cuts would reduce other annual Federal spending in California by \$27.9 billion.**
 - \$12.5 billion per year in Medicare benefits
 - \$15.4 billion per year in other spending including housing assistance, student loans, veterans' benefits, and grants to local governments

¹For all calculations, a balanced budget is achieved by FY 2002 through across-the-board spending cuts that exclude defense and social security.

THE IMPACT OF A BALANCED BUDGET AMENDMENT AND THE CONTRACT WITH AMERICA ON THE STATE OF COLORADO¹

- I. **A Balanced Budget Amendment would reduce annual Federal grants to the Colorado state government by \$755 million.**
 - \$387 million per year in lost funding for Medicaid
 - \$79 million per year in lost highway trust fund grants
 - \$36 million per year in lost funding for welfare (AFDC)
 - \$253 million per year in lost funding for education, job training, the environment, housing, and other areas
 - *Colorado would have to increase state taxes by 11.8 percent across-the-board to make up for the loss in grants.*
- II. **A Balanced Budget Amendment combined with the "Contract with America" tax cuts would require even deeper spending cuts, thereby reducing annual Federal grants to the Colorado state government by \$1.0 billion.**
 - \$531 million per year in lost funding for Medicaid
 - \$108 million per year in lost highway trust fund grants
 - \$49 million per year in lost funding for welfare (AFDC)
 - \$347 million per year in lost funding for education, job training, the environment, housing, and other areas
 - *Colorado would have to increase state taxes by 16.2 percent across-the-board to make up for the loss in grants.*
- III. **A Balanced Budget Amendment and the "Contract with America" tax cuts would reduce other annual Federal spending in Colorado by \$3.8 billion.**
 - \$989 million per year in Medicare benefits
 - \$2.8 billion per year in other spending including housing assistance, student loans, veterans' benefits, and grants to local governments

¹For all calculations, a balanced budget is achieved by FY 2002 through across-the-board spending cuts that exclude defense and social security.

THE IMPACT OF A BALANCED BUDGET AMENDMENT AND THE CONTRACT WITH AMERICA ON THE STATE OF CONNECTICUT¹

- I. **A Balanced Budget Amendment would reduce annual Federal grants to the Connecticut state government by \$1.0 billion.**
 - \$587 million per year in lost funding for Medicaid
 - \$105 million per year in lost highway trust fund grants
 - \$63 million per year in lost funding for welfare (AFDC)
 - \$253 million per year in lost funding for education, job training, the environment, housing, and other areas
 - *Connecticut would have to increase state taxes by 11.2 percent across-the-board to make up for the loss in grants.*
- II. **A Balanced Budget Amendment combined with the "Contract with America" tax cuts would require even deeper spending cuts, thereby reducing annual Federal grants to the Connecticut state government by \$1.4 billion.**
 - \$805 million per year in lost funding for Medicaid
 - \$145 million per year in lost highway trust fund grants
 - \$86 million per year in lost funding for welfare (AFDC)
 - \$348 million per year in lost funding for education, job training, the environment, housing, and other areas
 - *Connecticut would have to increase state taxes by 15.4 percent across-the-board to make up for the loss in grants.*
- III. **A Balanced Budget Amendment and the "Contract with America" tax cuts would reduce other annual Federal spending in Connecticut by \$2.5 billion.**
 - \$1.5 billion per year in Medicare benefits
 - \$1.0 billion per year in other spending including housing assistance, student loans, veterans' benefits, and grants to local governments

¹For all calculations, a balanced budget is achieved by FY 2002 through across-the-board spending cuts that exclude defense and social security.

THE IMPACT OF A BALANCED BUDGET AMENDMENT AND THE CONTRACT WITH AMERICA ON THE STATE OF DELAWARE¹

- I. **A Balanced Budget Amendment would reduce annual Federal grants to the Delaware state government by \$158 million.**
 - \$70 million per year in lost funding for Medicaid
 - \$18 million per year in lost highway trust fund grants
 - \$9 million per year in lost funding for welfare (AFDC)
 - \$61 million per year in lost funding for education, job training, the environment, housing, and other areas
 - *Delaware would have to increase state taxes by 7.2 percent across-the-board to make up for the loss in grants.*

- II. **A Balanced Budget Amendment combined with the "Contract with America" tax cuts would require even deeper spending cuts, thereby reducing annual Federal grants to the Delaware state government by \$217 million.**
 - \$97 million per year in lost funding for Medicaid
 - \$25 million per year in lost highway trust fund grants
 - \$12 million per year in lost funding for welfare (AFDC)
 - \$83 million per year in lost funding for education, job training, the environment, housing, and other areas
 - *Delaware would have to increase state taxes by 9.8 percent across-the-board to make up for the loss in grants.*

- III. **A Balanced Budget Amendment and the "Contract with America" tax cuts would reduce other annual Federal spending in Delaware by \$526 million.**
 - \$241 million per year in Medicare benefits
 - \$284 million per year in other spending including housing assistance, student loans, veterans' benefits, and grants to local governments

¹For all calculations, a balanced budget is achieved by FY 2002 through across-the-board spending cuts that exclude defense and social security.

THE IMPACT OF A BALANCED BUDGET AMENDMENT AND THE CONTRACT WITH AMERICA ON THE DISTRICT OF COLUMBIA¹

- I. **A Balanced Budget Amendment would reduce annual Federal grants to the D.C. government by \$697 million.**
 - \$183 million per year in lost funding for Medicaid
 - \$17 million per year in lost highway trust fund grants
 - \$24 million per year in lost funding for welfare (AFDC)
 - \$473 million per year in lost funding for education, job training, the environment, housing, and other areas
 - *D.C. would have to increase state taxes by 20.4 percent across-the-board to make up for the loss in grants.*

- II. **A Balanced Budget Amendment combined with the "Contract with America" tax cuts would require even deeper spending cuts, thereby reducing annual Federal grants to the D.C. government by \$956 million.**
 - \$252 million per year in lost funding for Medicaid
 - \$23 million per year in lost highway trust fund grants
 - \$32 million per year in lost funding for welfare (AFDC)
 - \$650 million per year in lost funding for education, job training, the environment, housing, and other areas
 - *D.C. would have to increase state taxes by 27.9 percent across-the-board to make up for the loss in grants.*

- III. **A Balanced Budget Amendment and the "Contract with America" tax cuts would reduce other annual Federal spending in DC by \$6.8 billion.**
 - \$429 million per year in Medicare benefits
 - \$6.3 billion per year in other spending including housing assistance, student loans, veterans' benefits, and grants to local governments

¹For all calculations, a balanced budget is achieved by FY 2002 through across-the-board spending cuts that exclude defense and social security.

THE IMPACT OF A BALANCED BUDGET AMENDMENT AND THE CONTRACT WITH AMERICA ON THE STATE OF FLORIDA¹

- I. A Balanced Budget Amendment would reduce annual Federal grants to the Florida state government by \$2.7 billion.
- \$1.5 billion per year in lost funding for Medicaid
 - \$202 million per year in lost highway trust fund grants
 - \$170 million per year in lost funding for welfare (AFDC)
 - \$764 million per year in lost funding for education, job training, the environment, housing, and other areas
 - *Florida would have to increase state taxes by 10.2 percent across-the-board to make up for the loss in grants.*
- II. A Balanced Budget Amendment combined with the "Contract with America" tax cuts would require even deeper spending cuts, thereby reducing annual Federal grants to the Florida state government by \$3.6 billion.
- \$2.1 billion per year in lost funding for Medicaid
 - \$277 million per year in lost highway trust fund grants
 - \$233 million per year in lost funding for welfare (AFDC)
 - \$1.0 billion per year in lost funding for education, job training, the environment, housing, and other areas
 - *Florida would have to increase state taxes by 14.0 percent across-the-board to make up for the loss in grants.*
- III. A Balanced Budget Amendment and the "Contract with America" tax cuts would reduce other annual Federal spending in Florida by \$13.4 billion.
- \$7.3 billion per year in Medicare benefits
 - \$6.1 billion per year in other spending including housing assistance, student loans, veterans' benefits, and grants to local governments

¹For all calculations, a balanced budget is achieved by FY 2002 through across-the-board spending cuts that exclude defense and social security.

THE IMPACT OF A BALANCED BUDGET AMENDMENT AND THE CONTRACT WITH AMERICA ON THE STATE OF GEORGIA¹

- I. **A Balanced Budget Amendment would reduce annual Federal grants to the Georgia state government by \$1.6 billion.**
 - \$938 million per year in lost funding for Medicaid
 - \$131 million per year in lost highway trust fund grants
 - \$101 million per year in lost funding for welfare (AFDC)
 - \$438 million per year in lost funding for education, job training, the environment, housing, and other areas
 - *Georgia would have to increase state taxes by 12.0 percent across-the-board to make up for the loss in grants.*

- II. **A Balanced Budget Amendment combined with the "Contract with America" tax cuts would require even deeper spending cuts, thereby reducing annual Federal grants to the Georgia state government by \$2.2 billion.**
 - \$1.3 billion per year in lost funding for Medicaid
 - \$180 million per year in lost highway trust fund grants
 - \$138 million per year in lost funding for welfare (AFDC)
 - \$601 million per year in lost funding for education, job training, the environment, housing, and other areas
 - *Georgia would have to increase state taxes by 16.5 percent across-the-board to make up for the loss in grants.*

- III. **A Balanced Budget Amendment and the "Contract with America" tax cuts would reduce other annual Federal spending in Georgia by \$5.2 billion.**
 - \$1.9 billion per year in Medicare benefits
 - \$3.3 billion per year in other spending including housing assistance, student loans, veterans' benefits, and grants to local governments

¹For all calculations, a balanced budget is achieved by FY 2002 through across-the-board spending cuts that exclude defense and social security.

THE IMPACT OF A BALANCED BUDGET AMENDMENT AND THE CONTRACT WITH AMERICA ON THE STATE OF HAWAII¹

- I. **A Balanced Budget Amendment would reduce annual Federal grants to the Hawaii state government by \$328 million.**
 - \$117 million per year in lost funding for Medicaid
 - \$62 million per year in lost highway trust fund grants
 - \$24 million per year in lost funding for welfare (AFDC)
 - \$125 million per year in lost funding for education, job training, the environment, housing, and other areas
 - *Hawaii would have to increase state taxes by 6.8 percent across-the-board to make up for the loss in grants.*
- II. **A Balanced Budget Amendment combined with the "Contract with America" tax cuts would require even deeper spending cuts, thereby reducing annual Federal grants to the Hawaii state government by \$450 million.**
 - \$161 million per year in lost funding for Medicaid
 - \$85 million per year in lost highway trust fund grants
 - \$32 million per year in lost funding for welfare (AFDC)
 - \$172 million per year in lost funding for education, job training, the environment, housing, and other areas
 - *Hawaii would have to increase state taxes by 9.3 percent across-the-board to make up for the loss in grants.*
- III. **A Balanced Budget Amendment and the "Contract with America" tax cuts would reduce other annual Federal spending in Hawaii by \$1.0 billion.**
 - \$296 million per year in Medicare benefits
 - \$716 million per year in other spending including housing assistance, student loans, veterans' benefits, and grants to local governments

¹For all calculations, a balanced budget is achieved by FY 2002 through across-the-board spending cuts that exclude defense and social security.

THE IMPACT OF A BALANCED BUDGET AMENDMENT AND THE CONTRACT WITH AMERICA ON THE STATE OF IDAHO¹

I. A Balanced Budget Amendment would reduce annual Federal grants to the Idaho state government by \$254 million.

- \$118 million per year in lost funding for Medicaid
- \$33 million per year in lost highway trust fund grants
- \$8 million per year in lost funding for welfare (AFDC)
- \$95 million per year in lost funding for education, job training, the environment, housing, and other areas
- *Idaho would have to increase state taxes by 9.9 percent across-the-board to make up for the loss in grants.*

II. A Balanced Budget Amendment combined with the "Contract with America" tax cuts would require even deeper spending cuts, thereby reducing annual Federal grants to the Idaho state government by \$349 million.

- \$162 million per year in lost funding for Medicaid
- \$46 million per year in lost highway trust fund grants
- \$11 million per year in lost funding for welfare (AFDC)
- \$131 million per year in lost funding for education, job training, the environment, housing, and other areas
- *Idaho would have to increase state taxes by 13.6 percent across-the-board to make up for the loss in grants.*

III. A Balanced Budget Amendment and the "Contract with America" tax cuts would reduce other annual Federal spending in Idaho by \$1.2 billion.

- \$299 million per year in Medicare benefits
- \$874 million per year in other spending including housing assistance, student loans, veterans' benefits, and grants to local governments

¹For all calculations, a balanced budget is achieved by FY 2002 through across-the-board spending cuts that exclude defense and social security.

THE IMPACT OF A BALANCED BUDGET AMENDMENT AND THE CONTRACT WITH AMERICA ON THE STATE OF ILLINOIS¹

- I. **A Balanced Budget Amendment would reduce annual Federal grants to the Illinois state government by \$2.6 billion.**
 - \$1.4 billion per year in lost funding for Medicaid
 - \$174 million per year in lost highway trust fund grants
 - \$155 million per year in lost funding for welfare (AFDC)
 - \$892 million per year in lost funding for education, job training, the environment, housing, and other areas
 - *Illinois would have to increase state taxes by 11.6 percent across-the-board to make up for the loss in grants.*
- II. **A Balanced Budget Amendment combined with the "Contract with America" tax cuts would require even deeper spending cuts, thereby reducing annual Federal grants to the Illinois state government by \$3.5 billion.**
 - \$1.9 billion per year in lost funding for Medicaid
 - \$239 million per year in lost highway trust fund grants
 - \$213 million per year in lost funding for welfare (AFDC)
 - \$1.2 billion per year in lost funding for education, job training, the environment, housing, and other areas
 - *Illinois would have to increase state taxes by 15.9 percent across-the-board to make up for the loss in grants.*
- III. **A Balanced Budget Amendment and the "Contract with America" tax cuts would reduce other annual Federal spending in Illinois by \$10.3 billion.**
 - \$5.6 billion per year in Medicare benefits
 - \$4.7 billion per year in other spending including housing assistance, student loans, veterans' benefits, and grants to local governments

¹For all calculations, a balanced budget is achieved by FY 2002 through across-the-board spending cuts that exclude defense and social security.

THE IMPACT OF A BALANCED BUDGET AMENDMENT AND THE CONTRACT WITH AMERICA ON THE STATE OF INDIANA¹

- I. **A Balanced Budget Amendment would reduce annual Federal grants to the Indiana state government by \$1.5 billion.**
 - \$956 million per year in lost funding for Medicaid
 - \$123 million per year in lost highway trust fund grants
 - \$54 million per year in lost funding for welfare (AFDC)
 - \$357 million per year in lost funding for education, job training, the environment, housing, and other areas
 - *Indiana would have to increase state taxes by 13.8 percent across-the-board to make up for the loss in grants.*

- II. **A Balanced Budget Amendment combined with the "Contract with America" tax cuts would require even deeper spending cuts, thereby reducing annual Federal grants to the Indiana state government by \$2.0 billion.**
 - \$1.3 billion per year in lost funding for Medicaid
 - \$168 million per year in lost highway trust fund grants
 - \$74 million per year in lost funding for welfare (AFDC)
 - \$490 million per year in lost funding for education, job training, the environment, housing, and other areas
 - *Indiana would have to increase state taxes by 18.9 percent across-the-board to make up for the loss in grants.*

- III. **A Balanced Budget Amendment and the "Contract with America" tax cuts would reduce other annual Federal spending in Indiana by \$3.5 billion.**
 - \$2.1 billion per year in Medicare benefits
 - \$1.4-billion per year in other spending including housing assistance, student loans, veterans' benefits, and grants to local governments

¹For all calculations, a balanced budget is achieved by FY 2002 through across-the-board spending cuts that exclude defense and social security.

THE IMPACT OF A BALANCED BUDGET AMENDMENT AND THE CONTRACT WITH AMERICA ON THE STATE OF IOWA¹

- I. **A Balanced Budget Amendment would reduce annual Federal grants to the Iowa state government by \$630 million.**
 - \$328 million per year in lost funding for Medicaid
 - \$69 million per year in lost highway trust fund grants
 - \$35 million per year in lost funding for welfare (AFDC)
 - \$197 million per year in lost funding for education, job training, the environment, housing, and other areas
 - *Iowa would have to increase state taxes by 10.9 percent across-the-board to make up for the loss in grants.*
- II. **A Balanced Budget Amendment combined with the "Contract with America" tax cuts would require even deeper spending cuts, thereby reducing annual Federal grants to the Iowa state government by \$864 million.**
 - \$451 million per year in lost funding for Medicaid
 - \$95 million per year in lost highway trust fund grants
 - \$48 million per year in lost funding for welfare (AFDC)
 - \$270 million per year in lost funding for education, job training, the environment, housing, and other areas
 - *Iowa would have to increase state taxes by 15.0 percent across-the-board to make up for the loss in grants.*
- III. **A Balanced Budget Amendment and the "Contract with America" tax cuts would reduce other annual Federal spending in Iowa by \$2.6 billion.**
 - \$1.2 billion per year in Medicare benefits
 - \$1.4 billion per year in other spending including housing assistance, student loans, veterans' benefits, and grants to local governments

¹For all calculations, a balanced budget is achieved by FY 2002 through across-the-board spending cuts that exclude defense and social security.

THE IMPACT OF A BALANCED BUDGET AMENDMENT AND THE CONTRACT WITH AMERICA ON THE STATE OF KANSAS¹

- I. A Balanced Budget Amendment would reduce annual Federal grants to the Kansas state government by \$622 million.**
 - \$355 million per year in lost funding for Medicaid
 - \$52 million per year in lost highway trust fund grants
 - \$29 million per year in lost funding for welfare (AFDC)
 - \$186 million per year in lost funding for education, job training, the environment, housing, and other areas
 - *Kansas would have to increase state taxes by 13.0 percent across-the-board to make up for the loss in grants.*

- II. A Balanced Budget Amendment combined with the "Contract with America" tax cuts would require even deeper spending cuts, thereby reducing annual Federal grants to the Kansas state government by \$853 million.**
 - \$487 million per year in lost funding for Medicaid
 - \$71 million per year in lost highway trust fund grants
 - \$40 million per year in lost funding for welfare (AFDC)
 - \$255 million per year in lost funding for education, job training, the environment, housing, and other areas
 - *Kansas would have to increase state taxes by 17.8 percent across-the-board to make up for the loss in grants.*

- III. A Balanced Budget Amendment and the "Contract with America" tax cuts would reduce other annual Federal spending in Kansas by \$2.4 billion.**
 - \$1.1 billion per year in Medicare benefits
 - \$1.2 billion per year in other spending including housing assistance, student loans, veterans' benefits, and grants to local governments

¹For all calculations, a balanced budget is achieved by FY 2002 through across-the-board spending cuts that exclude defense and social security.

THE IMPACT OF A BALANCED BUDGET AMENDMENT AND THE CONTRACT WITH AMERICA ON THE STATE OF KENTUCKY¹

- I. A Balanced Budget Amendment would reduce annual Federal grants to the Kentucky state government by \$1.2 billion.**
 - \$690 million per year in lost funding for Medicaid
 - \$69 million per year in lost highway trust fund grants
 - \$56 million per year in lost funding for welfare (AFDC)
 - \$341 million per year in lost funding for education, job training, the environment, housing, and other areas
 - *Kentucky would have to increase state taxes by 14.5 percent across-the-board to make up for the loss in grants.*

- II. A Balanced Budget Amendment combined with the "Contract with America" tax cuts would require even deeper spending cuts, thereby reducing annual Federal grants to the Kentucky state government by \$1.6 billion.**
 - \$947 million per year in lost funding for Medicaid
 - \$95 million per year in lost highway trust fund grants
 - \$77 million per year in lost funding for welfare (AFDC)
 - \$468 million per year in lost funding for education, job training, the environment, housing, and other areas
 - *Kentucky would have to increase state taxes by 19.8 percent across-the-board to make up for the loss in grants.*

- III. A Balanced Budget Amendment and the "Contract with America" tax cuts would reduce other annual Federal spending in Kentucky by \$2.9 billion.**
 - \$1.3 billion per year in Medicare benefits
 - \$1.6 billion per year in other spending including housing assistance, student loans, veterans' benefits, and grants to local governments

¹For all calculations, a balanced budget is achieved by FY 2002 through across-the-board spending cuts that exclude defense and social security.

THE IMPACT OF A BALANCED BUDGET AMENDMENT AND THE CONTRACT WITH AMERICA ON THE STATE OF LOUISIANA¹

- I. **A Balanced Budget Amendment would reduce annual Federal grants to the Louisiana state government by \$2.0 billion.**
 - \$1.5 billion per year in lost funding for Medicaid
 - \$94 million per year in lost highway trust fund grants
 - \$48 million per year in lost funding for welfare (AFDC)
 - \$324 million per year in lost funding for education, job training, the environment, housing, and other areas
 - *Louisiana would have to increase state taxes by 27.8 percent across-the-board to make up for the loss in grants.*
- II. **A Balanced Budget Amendment combined with the "Contract with America" tax cuts would require even deeper spending cuts, thereby reducing annual Federal grants to the Louisiana state government by \$2.7 billion.**
 - \$2.1 billion per year in lost funding for Medicaid
 - \$129 million per year in lost highway trust fund grants
 - \$66 million per year in lost funding for welfare (AFDC)
 - \$444 million per year in lost funding for education, job training, the environment, housing, and other areas
 - *Louisiana would have to increase state taxes by 38.2 percent across-the-board to make up for the loss in grants.*
- III. **A Balanced Budget Amendment and the "Contract with America" tax cuts would reduce other annual Federal spending in Louisiana by \$3.2 billion.**
 - \$1.5 billion per year in Medicare benefits
 - \$1.8 billion per year in other spending including housing assistance, student loans, veterans' benefits, and grants to local governments

¹For all calculations, a balanced budget is achieved by FY 2002 through across-the-board spending cuts that exclude defense and social security.

THE IMPACT OF A BALANCED BUDGET AMENDMENT AND THE CONTRACT WITH AMERICA ON THE STATE OF MAINE¹

- I. A Balanced Budget Amendment would reduce annual Federal grants to the Maine state government by \$452 million.**
 - \$279 million per year in lost funding for Medicaid
 - \$28 million per year in lost highway trust fund grants
 - \$24 million per year in lost funding for welfare (AFDC)
 - \$121 million per year in lost funding for education, job training, the environment, housing, and other areas
 - *Maine would have to increase state taxes by 17.5 percent across-the-board to make up for the loss in grants.*

- II. A Balanced Budget Amendment combined with the "Contract with America" tax cuts would require even deeper spending cuts, thereby reducing annual Federal grants to the Maine state government by \$621 million.**
 - \$383 million per year in lost funding for Medicaid
 - \$38 million per year in lost highway trust fund grants
 - \$33 million per year in lost funding for welfare (AFDC)
 - \$166 million per year in lost funding for education, job training, the environment, housing, and other areas
 - *Maine would have to increase state taxes by 24.0 percent across-the-board to make up for the loss in grants.*

- III. A Balanced Budget Amendment and the "Contract with America" tax cuts would reduce other annual Federal spending in Maine by \$983 million.**
 - \$529 million per year in Medicare benefits
 - \$454 million per year in other spending including housing assistance, student loans, veterans' benefits, and grants to local governments

¹For all calculations, a balanced budget is achieved by FY 2002 through across-the-board spending cuts that exclude defense and social security.

THE IMPACT OF A BALANCED BUDGET AMENDMENT AND THE CONTRACT WITH AMERICA ON THE STATE OF MARYLAND¹

- I. A Balanced Budget Amendment would reduce annual Federal grants to the Maryland state government by \$1.1 billion.**
 - \$581 million per year in lost funding for Medicaid
 - \$83 million per year in lost highway trust fund grants
 - \$65 million per year in lost funding for welfare (AFDC)
 - \$396 million per year in lost funding for education, job training, the environment, housing, and other areas
 - *Maryland would have to increase state taxes by 9.9 percent across-the-board to make up for the loss in grants.*

- II. A Balanced Budget Amendment combined with the "Contract with America" tax cuts would require even deeper spending cuts, thereby reducing annual Federal grants to the Maryland state government by \$1.5 billion.**
 - \$798 million per year in lost funding for Medicaid
 - \$113 million per year in lost highway trust fund grants
 - \$89 million per year in lost funding for welfare (AFDC)
 - \$543 million per year in lost funding for education, job training, the environment, housing, and other areas
 - *Maryland would have to increase state taxes by 13.5 percent across-the-board to make up for the loss in grants.*

- III. A Balanced Budget Amendment and the "Contract with America" tax cuts would reduce other annual Federal spending in Maryland by \$8.6 billion.**
 - \$1.9 billion per year in Medicare benefits
 - \$6.7 billion per year in other spending including housing assistance, student loans, veterans' benefits, and grants to local governments

¹For all calculations, a balanced budget is achieved by FY 2002 through across-the-board spending cuts that exclude defense and social security.

THE IMPACT OF A BALANCED BUDGET AMENDMENT AND THE CONTRACT WITH AMERICA ON THE STATE OF MASSACHUSETTS¹

- I. A Balanced Budget Amendment would reduce annual Federal grants to the Massachusetts state government by \$1.9 billion.**
 - \$1.1 billion per year in lost funding for Medicaid
 - \$248 million per year in lost highway trust fund grants
 - \$135 million per year in lost funding for welfare (AFDC)
 - \$459 million per year in lost funding for education, job training, the environment, housing, and other areas
 - *Massachusetts would have to increase state taxes by 12.6 percent across-the-board to make up for the loss in grants.*

- II. A Balanced Budget Amendment combined with the "Contract with America" tax cuts would require even deeper spending cuts, thereby reducing annual Federal grants to the Massachusetts state government by \$2.6 billion.**
 - \$1.5 billion per year in lost funding for Medicaid
 - \$340 million per year in lost highway trust fund grants
 - \$185 million per year in lost funding for welfare (AFDC)
 - \$630 million per year in lost funding for education, job training, the environment, housing, and other areas
 - *Massachusetts would have to increase state taxes by 17.3 percent across-the-board to make up for the loss in grants.*

- III. A Balanced Budget Amendment and the "Contract with America" tax cuts would reduce other annual Federal spending in Massachusetts by \$6.4 billion.**
 - \$3.4 billion per year in Medicare benefits
 - \$3.1 billion per year in other spending including housing assistance, student loans, veterans' benefits, and grants to local governments

¹For all calculations, a balanced budget is achieved by FY 2002 through across-the-board spending cuts that exclude defense and social security.

THE IMPACT OF A BALANCED BUDGET AMENDMENT AND THE CONTRACT WITH AMERICA ON THE STATE OF MICHIGAN¹

- I. A Balanced Budget Amendment would reduce annual Federal grants to the Michigan state government by \$2.5 billion.**
 - \$1.4 billion per year in lost funding for Medicaid
 - \$140 million per year in lost highway trust fund grants
 - \$229 million per year in lost funding for welfare (AFDC)
 - \$753 million per year in lost funding for education, job training, the environment, housing, and other areas
 - *Michigan would have to increase state taxes by 13.2 percent across-the-board to make up for the loss in grants.*

- II. A Balanced Budget Amendment combined with the "Contract with America" tax cuts would require even deeper spending cuts, thereby reducing annual Federal grants to the Michigan state government by \$3.4 billion.**
 - \$1.9 billion per year in lost funding for Medicaid
 - \$192 million per year in lost highway trust fund grants
 - \$314 million per year in lost funding for welfare (AFDC)
 - \$1.0 billion per year in lost funding for education, job training, the environment, housing, and other areas
 - *Michigan would have to increase state taxes by 18.1 percent across-the-board to make up for the loss in grants.*

- III. A Balanced Budget Amendment and the "Contract with America" tax cuts would reduce other annual Federal spending in Michigan by \$6.8 billion.**
 - \$4.6 billion per year in Medicare benefits
 - \$2.3 billion per year in other spending including housing assistance, student loans, veterans' benefits, and grants to local governments

¹For all calculations, a balanced budget is achieved by FY 2002 through across-the-board spending cuts that exclude defense and social security.

THE IMPACT OF A BALANCED BUDGET AMENDMENT AND THE CONTRACT WITH AMERICA ON THE STATE OF MINNESOTA¹

I. A Balanced Budget Amendment would reduce annual Federal grants to the Minnesota state government by \$1.2 billion.

- \$679 million per year in lost funding for Medicaid
- \$102 million per year in lost highway trust fund grants
- \$83 million per year in lost funding for welfare (AFDC)
- \$314 million per year in lost funding for education, job training, the environment, housing, and other areas
- *Minnesota would have to increase state taxes by 9.4 percent across-the-board to make up for the loss in grants.*

II. A Balanced Budget Amendment combined with the "Contract with America" tax cuts would require even deeper spending cuts, thereby reducing annual Federal grants to the Minnesota state government by \$1.6 billion.

- \$931 million per year in lost funding for Medicaid
- \$139 million per year in lost highway trust fund grants
- \$113 million per year in lost funding for welfare (AFDC)
- \$431 million per year in lost funding for education, job training, the environment, housing, and other areas
- *Minnesota would have to increase state taxes by 13.0 percent across-the-board to make up for the loss in grants.*

III. A Balanced Budget Amendment and the "Contract with America" tax cuts would reduce other annual Federal spending in Minnesota by \$3.5 billion.

- \$1.5 billion per year in Medicare benefits
- \$2.0 billion per year in other spending including housing assistance, student loans, veterans' benefits, and grants to local governments

¹For all calculations, a balanced budget is achieved by FY 2002 through across-the-board spending cuts that exclude defense and social security.

THE IMPACT OF A BALANCED BUDGET AMENDMENT AND THE CONTRACT WITH AMERICA ON THE STATE OF MISSISSIPPI¹

- I. **A Balanced Budget Amendment would reduce annual Federal grants to the Mississippi state government by \$864 million.**
 - \$496 million per year in lost funding for Medicaid
 - \$61 million per year in lost highway trust fund grants
 - \$24 million per year in lost funding for welfare (AFDC)
 - \$282 million per year in lost funding for education, job training, the environment, housing, and other areas
 - *Mississippi would have to increase state taxes by 20.8 percent across-the-board to make up for the loss in grants.*
- II. **A Balanced Budget Amendment combined with the "Contract with America" tax cuts would require even deeper spending cuts, thereby reducing annual Federal grants to the Mississippi state government by \$1.2 billion.**
 - \$681 million per year in lost funding for Medicaid
 - \$84 million per year in lost highway trust fund grants
 - \$33 million per year in lost funding for welfare (AFDC)
 - \$387 million per year in lost funding for education, job training, the environment, housing, and other areas
 - *Mississippi would have to increase state taxes by 28.5 percent across-the-board to make up for the loss in grants.*
- III. **A Balanced Budget Amendment and the "Contract with America" tax cuts would reduce other annual Federal spending in Mississippi by \$2.3 billion.**
 - \$978 million per year in Medicare benefits
 - \$1.3 billion per year in other spending including housing assistance, student loans, veterans' benefits, and grants to local governments

¹For all calculations, a balanced budget is achieved by FY 2002 through across-the-board spending cuts that exclude defense and social security.

THE IMPACT OF A BALANCED BUDGET AMENDMENT AND THE CONTRACT WITH AMERICA ON THE STATE OF MISSOURI¹

- I. A Balanced Budget Amendment would reduce annual Federal grants to the Missouri state government by \$1.3 billion.**
 - \$747 million per year in lost funding for Medicaid
 - \$109 million per year in lost highway trust fund grants
 - \$62 million per year in lost funding for welfare (AFDC)
 - \$398 million per year in lost funding for education, job training, the environment, housing, and other areas
 - *Missouri would have to increase state taxes by 15.5 percent across-the-board to make up for the loss in grants.*

- II. A Balanced Budget Amendment combined with the "Contract with America" tax cuts would require even deeper spending cuts, thereby reducing annual Federal grants to the Missouri state government by \$1.8 billion.**
 - \$1.0 billion per year in lost funding for Medicaid
 - \$149 million per year in lost highway trust fund grants
 - \$85 million per year in lost funding for welfare (AFDC)
 - \$547 million per year in lost funding for education, job training, the environment, housing, and other areas
 - *Missouri would have to increase state taxes by 21.2 percent across-the-board to make up for the loss in grants.*

- III. A Balanced Budget Amendment and the "Contract with America" tax cuts would reduce other annual Federal spending in Missouri by \$5.4 billion.**
 - \$2.4 billion per year in Medicare benefits
 - \$3.0 billion per year in other spending including housing assistance, student loans, veterans' benefits, and grants to local governments

¹For all calculations, a balanced budget is achieved by FY 2002 through across-the-board spending cuts that exclude defense and social security.

THE IMPACT OF A BALANCED BUDGET AMENDMENT AND THE CONTRACT WITH AMERICA ON THE STATE OF MONTANA¹

- I. A Balanced Budget Amendment would reduce annual Federal grants to the Montana state government by \$277 million.**
 - \$123 million per year in lost funding for Medicaid
 - \$52 million per year in lost highway trust fund grants
 - \$12 million per year in lost funding for welfare (AFDC)
 - \$89 million per year in lost funding for education, job training, the environment, housing, and other areas
 - *Montana would have to increase state taxes by 19.8 percent across-the-board to make up for the loss in grants.*

- II. A Balanced Budget Amendment combined with the "Contract with America" tax cuts would require even deeper spending cuts, thereby reducing annual Federal grants to the Montana state government by \$380 million.**
 - \$169 million per year in lost funding for Medicaid
 - \$71 million per year in lost highway trust fund grants
 - \$17 million per year in lost funding for welfare (AFDC)
 - \$123 million per year in lost funding for education, job training, the environment, housing, and other areas
 - *Montana would have to increase state taxes by 27.1 percent across-the-board to make up for the loss in grants.*

- III. A Balanced Budget Amendment and the "Contract with America" tax cuts would reduce other annual Federal spending in Montana by \$1.0 billion.**
 - \$298 million per year in Medicare benefits
 - \$722 million per year in other spending including housing assistance, student loans, veterans' benefits, and grants to local governments

¹For all calculations, a balanced budget is achieved by FY 2002 through across-the-board spending cuts that exclude defense and social security.

THE IMPACT OF A BALANCED BUDGET AMENDMENT AND THE CONTRACT WITH AMERICA ON THE STATE OF NEBRASKA¹

I. A Balanced Budget Amendment would reduce annual Federal grants to the Nebraska state government by \$388 million.

- \$192 million per year in lost funding for Medicaid
- \$44 million per year in lost highway trust fund grants
- \$23 million per year in lost funding for welfare (AFDC)
- \$129 million per year in lost funding for education, job training, the environment, housing, and other areas
- *Nebraska would have to increase state taxes by 13.3 percent across-the-board to make up for the loss in grants.*

II. A Balanced Budget Amendment combined with the "Contract with America" tax cuts would require even deeper spending cuts, thereby reducing annual Federal grants to the Nebraska state government by \$533 million.

- \$264 million per year in lost funding for Medicaid
- \$60 million per year in lost highway trust fund grants
- \$31 million per year in lost funding for welfare (AFDC)
- \$177 million per year in lost funding for education, job training, the environment, housing, and other areas
- *Nebraska would have to increase state taxes by 18.3 percent across-the-board to make up for the loss in grants.*

III. A Balanced Budget Amendment and the "Contract with America" tax cuts would reduce other annual Federal spending in Nebraska by \$1.7 billion.

- \$661 million per year in Medicare benefits
- \$1.0 billion per year in other spending including housing assistance, student loans, veterans' benefits, and grants to local governments

¹For all calculations, a balanced budget is achieved by FY 2002 through across-the-board spending cuts that exclude defense and social security.

THE IMPACT OF A BALANCED BUDGET AMENDMENT AND THE CONTRACT WITH AMERICA ON THE STATE OF NEVADA¹

- I. A Balanced Budget Amendment would reduce annual Federal grants to the Nevada state government by \$227 million.**
- \$116 million per year in lost funding for Medicaid
 - \$32 million per year in lost highway trust fund grants
 - \$11 million per year in lost funding for welfare (AFDC)
 - \$68 million per year in lost funding for education, job training, the environment, housing, and other areas
 - *Nevada would have to increase state taxes by 6.2 percent across-the-board to make up for the loss in grants.*
- II. A Balanced Budget Amendment combined with the "Contract with America" tax cuts would require even deeper spending cuts, thereby reducing annual Federal grants to the Nevada state government by \$312 million.**
- \$159 million per year in lost funding for Medicaid
 - \$44 million per year in lost highway trust fund grants
 - \$15 million per year in lost funding for welfare (AFDC)
 - \$94 million per year in lost funding for education, job training, the environment, housing, and other areas
 - *Nevada would have to increase state taxes by 8.6 percent across-the-board to make up for the loss in grants.*
- III. A Balanced Budget Amendment and the "Contract with America" tax cuts would reduce other annual Federal spending in Nevada by \$1.4 billion.**
- \$354 million per year in Medicare benefits
 - \$1.0 billion per year in other spending including housing assistance, student loans, veterans' benefits, and grants to local governments

¹For all calculations, a balanced budget is achieved by FY 2002 through across-the-board spending cuts that exclude defense and social security.

THE IMPACT OF A BALANCED BUDGET AMENDMENT AND THE CONTRACT WITH AMERICA ON THE STATE OF NEW HAMPSHIRE¹

- I. A Balanced Budget Amendment would reduce annual Federal grants to the New Hampshire state government by \$212 million.**
 - \$112 million per year in lost funding for Medicaid
 - \$31 million per year in lost highway trust fund grants
 - \$11 million per year in lost funding for welfare (AFDC)
 - \$58 million per year in lost funding for education, job training, the environment, housing, and other areas
 - *New Hampshire would have to increase state taxes by 17.6 percent across-the-board to make up for the loss in grants.*

- II. A Balanced Budget Amendment combined with the "Contract with America" tax cuts would require even deeper spending cuts, thereby reducing annual Federal grants to the New Hampshire state government by \$291 million.**
 - \$154 million per year in lost funding for Medicaid
 - \$43 million per year in lost highway trust fund grants
 - \$16 million per year in lost funding for welfare (AFDC)
 - \$79 million per year in lost funding for education, job training, the environment, housing, and other areas
 - *New Hampshire would have to increase state taxes by 24.1 percent across-the-board to make up for the loss in grants.*

- III. A Balanced Budget Amendment and the "Contract with America" tax cuts would reduce other annual Federal spending in New Hampshire by \$773 million.**
 - \$370 million per year in Medicare benefits
 - \$403 million per year in other spending including housing assistance, student loans, veterans' benefits, and grants to local governments

¹For all calculations, a balanced budget is achieved by FY 2002 through across-the-board spending cuts that exclude defense and social security.

THE IMPACT OF A BALANCED BUDGET AMENDMENT AND THE CONTRACT WITH AMERICA ON THE STATE OF NEW JERSEY¹

- I. A Balanced Budget Amendment would reduce annual Federal grants to the New Jersey state government by \$2.5 billion.**
 - \$1.5 billion per year in lost funding for Medicaid
 - \$141 million per year in lost highway trust fund grants
 - \$129 million per year in lost funding for welfare (AFDC)
 - \$705 million per year in lost funding for education, job training, the environment, housing, and other areas
 - *New Jersey would have to increase state taxes by 12.7 percent across-the-board to make up for the loss in grants.*

- II. A Balanced Budget Amendment combined with the "Contract with America" tax cuts would require even deeper spending cuts, thereby reducing annual Federal grants to the New Jersey state government by \$3.4 billion.**
 - \$2.1 billion per year in lost funding for Medicaid
 - \$194 million per year in lost highway trust fund grants
 - \$177 million per year in lost funding for welfare (AFDC)
 - \$968 million per year in lost funding for education, job training, the environment, housing, and other areas
 - *New Jersey would have to increase state taxes by 17.5 percent across-the-board to make up for the loss in grants.*

- III. A Balanced Budget Amendment and the "Contract with America" tax cuts would reduce other annual Federal spending in New Jersey by \$6.4 billion.**
 - \$4.0 billion per year in Medicare benefits
 - \$2.4 billion per year in other spending including housing assistance, student loans, veterans' benefits, and grants to local governments

¹For all calculations, a balanced budget is achieved by FY 2002 through across-the-board spending cuts that exclude defense and social security.

THE IMPACT OF A BALANCED BUDGET AMENDMENT AND THE CONTRACT WITH AMERICA ON THE STATE OF NEW MEXICO¹

I. A Balanced Budget Amendment would reduce annual Federal grants to the New Mexico state government by \$524 million.

- \$233 million per year in lost funding for Medicaid
- \$70 million per year in lost highway trust fund grants
- \$28 million per year in lost funding for welfare (AFDC)
- \$193 million per year in lost funding for education, job training, the environment, housing, and other areas
- *New Mexico would have to increase state taxes by 12.9 percent across-the-board to make up for the loss in grants.*

II. A Balanced Budget Amendment combined with the "Contract with America" tax cuts would require even deeper spending cuts, thereby reducing annual Federal grants to the New Mexico state government by \$719 million.

- \$320 million per year in lost funding for Medicaid
- \$96 million per year in lost highway trust fund grants
- \$38 million per year in lost funding for welfare (AFDC)
- \$265 million per year in lost funding for education, job training, the environment, housing, and other areas
- *New Mexico would have to increase state taxes by 17.6 percent across-the-board to make up for the loss in grants.*

III. A Balanced Budget Amendment and the "Contract with America" tax cuts would reduce other annual Federal spending in New Mexico by \$2.9 billion.

- \$440 million per year in Medicare benefits
- \$2.5 billion per year in other spending including housing assistance, student loans, veterans' benefits, and grants to local governments

¹For all calculations, a balanced budget is achieved by FY 2002 through across-the-board spending cuts that exclude defense and social security.

THE IMPACT OF A BALANCED BUDGET AMENDMENT AND THE CONTRACT WITH AMERICA ON THE STATE OF NEW YORK¹

- I. A Balanced Budget Amendment would reduce annual Federal grants to the New York state government by \$8.2 billion.**
 - \$5.4 billion per year in lost funding for Medicaid
 - \$274 million per year in lost highway trust fund grants
 - \$535 million per year in lost funding for welfare (AFDC)
 - \$1.9 billion per year in lost funding for education, job training, the environment, housing, and other areas
 - *New York would have to increase state taxes by 17.4 percent across-the-board to make up for the loss in grants.*

- II. A Balanced Budget Amendment combined with the "Contract with America" tax cuts would require even deeper spending cuts, thereby reducing annual Federal grants to the New York state government by \$11.2 billion.**
 - \$7.5 billion per year in lost funding for Medicaid
 - \$376 million per year in lost highway trust fund grants
 - \$734 million per year in lost funding for welfare (AFDC)
 - \$2.6 billion per year in lost funding for education, job training, the environment, housing, and other areas
 - *New York would have to increase state taxes by 23.8 percent across-the-board to make up for the loss in grants.*

- III. A Balanced Budget Amendment and the "Contract with America" tax cuts would reduce other annual Federal spending in New York by \$15.2 billion.**
 - \$9.4 billion per year in Medicare benefits
 - \$5.7 billion per year in other spending including housing assistance, student loans, veterans' benefits, and grants to local governments

¹For all calculations, a balanced budget is achieved by FY 2002 through across-the-board spending cuts that exclude defense and social security.

THE IMPACT OF A BALANCED BUDGET AMENDMENT AND THE CONTRACT WITH AMERICA ON THE STATE OF NORTH CAROLINA¹

- I. **A Balanced Budget Amendment would reduce annual Federal grants to the North Carolina state government by \$1.7 billion.**
 - \$1.0 billion per year in lost funding for Medicaid
 - \$136 million per year in lost highway trust fund grants
 - \$95 million per year in lost funding for welfare (AFDC)
 - \$441 million per year in lost funding for education, job training, the environment, housing, and other areas
 - *North Carolina would have to increase state taxes by 11.1 percent across-the-board to make up for the loss in grants.*
- II. **A Balanced Budget Amendment combined with the "Contract with America" tax cuts would require even deeper spending cuts, thereby reducing annual Federal grants to the North Carolina state government by \$2.3 billion.**
 - \$1.4 billion per year in lost funding for Medicaid
 - \$187 million per year in lost highway trust fund grants
 - \$130 million per year in lost funding for welfare (AFDC)
 - \$605 million per year in lost funding for education, job training, the environment, housing, and other areas
 - *North Carolina would have to increase state taxes by 15.2 percent across-the-board to make up for the loss in grants.*
- III. **A Balanced Budget Amendment and the "Contract with America" tax cuts would reduce other annual Federal spending in North Carolina by \$4.4 billion.**
 - \$2.0 billion per year in Medicare benefits
 - \$2.4 billion per year in other spending including housing assistance, student loans, veterans' benefits, and grants to local governments

¹For all calculations, a balanced budget is achieved by FY 2002 through across-the-board spending cuts that exclude defense and social security.

THE IMPACT OF A BALANCED BUDGET AMENDMENT AND THE CONTRACT WITH AMERICA ON THE STATE OF NORTH DAKOTA¹

- I. **A Balanced Budget Amendment would reduce annual Federal grants to the North Dakota state government by \$229 million.**
 - \$105 million per year in lost funding for Medicaid
 - \$35 million per year in lost highway trust fund grants
 - \$8 million per year in lost funding for welfare (AFDC)
 - \$81 million per year in lost funding for education, job training, the environment, housing, and other areas
 - *North Dakota would have to increase state taxes by 19.7 percent across-the-board to make up for the loss in grants.*

- II. **A Balanced Budget Amendment combined with the "Contract with America" tax cuts would require even deeper spending cuts, thereby reducing annual Federal grants to the North Dakota state government by \$314 million.**
 - \$144 million per year in lost funding for Medicaid
 - \$48 million per year in lost highway trust fund grants
 - \$10 million per year in lost funding for welfare (AFDC)
 - \$111 million per year in lost funding for education, job training, the environment, housing, and other areas
 - *North Dakota would have to increase state taxes by 27.0 percent across-the-board to make up for the loss in grants.*

- III. **A Balanced Budget Amendment and the "Contract with America" tax cuts would reduce other annual Federal spending in North Dakota by \$773 million.**
 - \$317 million per year in Medicare benefits
 - \$455 million per year in other spending including housing assistance, student loans, veterans' benefits, and grants to local governments

¹For all calculations, a balanced budget is achieved by FY 2002 through across-the-board spending cuts that exclude defense and social security.

THE IMPACT OF A BALANCED BUDGET AMENDMENT AND THE CONTRACT WITH AMERICA ON THE STATE OF OHIO¹

- I. A Balanced Budget Amendment would reduce annual Federal grants to the Ohio state government by \$2.8 billion.**
 - \$1.7 billion per year in lost funding for Medicaid
 - \$170 million per year in lost highway trust fund grants
 - \$212 million per year in lost funding for welfare (AFDC)
 - \$727 million per year in lost funding for education, job training, the environment, housing, and other areas
 - *Ohio would have to increase state taxes by 14.4 percent across-the-board to make up for the loss in grants.*

- II. A Balanced Budget Amendment combined with the "Contract with America" tax cuts would require even deeper spending cuts, thereby reducing annual Federal grants to the Ohio state government by \$3.9 billion.**
 - \$2.4 billion per year in lost funding for Medicaid
 - \$233 million per year in lost highway trust fund grants
 - \$290 million per year in lost funding for welfare (AFDC)
 - \$997 million per year in lost funding for education, job training, the environment, housing, and other areas
 - *Ohio would have to increase state taxes by 19.8 percent across-the-board to make up for the loss in grants.*

- III. A Balanced Budget Amendment and the "Contract with America" tax cuts would reduce other annual Federal spending in Ohio by \$8.2 billion.**
 - \$4.7 billion per year in Medicare benefits
 - \$3.5 billion per year in other spending including housing assistance, student loans, veterans' benefits, and grants to local governments

¹For all calculations, a balanced budget is achieved by FY 2002 through across-the-board spending cuts that exclude defense and social security.

THE IMPACT OF A BALANCED BUDGET AMENDMENT AND THE CONTRACT WITH AMERICA ON THE STATE OF OKLAHOMA¹

I. A Balanced Budget Amendment would reduce annual Federal grants to the Oklahoma state government by \$770 million.

- \$424 million per year in lost funding for Medicaid
- \$51 million per year in lost highway trust fund grants
- \$51 million per year in lost funding for welfare (AFDC)
- \$244 million per year in lost funding for education, job training, the environment, housing, and other areas
- *Oklahoma would have to increase state taxes by 12.4 percent across-the-board to make up for the loss in grants.*

II. A Balanced Budget Amendment combined with the "Contract with America" tax cuts would require even deeper spending cuts, thereby reducing annual Federal grants to the Oklahoma state government by \$1.1 billion.

- \$582 million per year in lost funding for Medicaid
- \$70 million per year in lost highway trust fund grants
- \$69 million per year in lost funding for welfare (AFDC)
- \$335 million per year in lost funding for education, job training, the environment, housing, and other areas
- *Oklahoma would have to increase state taxes by 17.0 percent across-the-board to make up for the loss in grants.*

III. A Balanced Budget Amendment and the "Contract with America" tax cuts would reduce other annual Federal spending in Oklahoma by \$2.9 billion.

- \$1.3 billion per year in Medicare benefits
- \$1.6 billion per year in other spending including housing assistance, student loans, veterans' benefits, and grants to local governments

¹For all calculations, a balanced budget is achieved by FY 2002 through across-the-board spending cuts that exclude defense and social security.

THE IMPACT OF A BALANCED BUDGET AMENDMENT AND THE CONTRACT WITH AMERICA ON THE STATE OF OREGON¹

- I. **A Balanced Budget Amendment would reduce annual Federal grants to the Oregon state government by \$706 million.**
 - \$342 million per year in lost funding for Medicaid
 - \$54 million per year in lost highway trust fund grants
 - \$47 million per year in lost funding for welfare (AFDC)
 - \$263 million per year in lost funding for education, job training, the environment, housing, and other areas
 - *Oregon would have to increase state taxes by 12.2 percent across-the-board to make up for the loss in grants.*
- II. **A Balanced Budget Amendment combined with the "Contract with America" tax cuts would require even deeper spending cuts, thereby reducing annual Federal grants to the Oregon state government by \$969 million.**
 - \$469 million per year in lost funding for Medicaid
 - \$75 million per year in lost highway trust fund grants
 - \$65 million per year in lost funding for welfare (AFDC)
 - \$361 million per year in lost funding for education, job training, the environment, housing, and other areas
 - *Oregon would have to increase state taxes by 16.8 percent across-the-board to make up for the loss in grants.*
- III. **A Balanced Budget Amendment and the "Contract with America" tax cuts would reduce other annual Federal spending in Oregon by \$2.7 billion.**
 - \$1.1 billion per year in Medicare benefits
 - \$1.6 billion per year in other spending including housing assistance, student loans, veterans' benefits, and grants to local governments

¹For all calculations, a balanced budget is achieved by FY 2002 through across-the-board spending cuts that exclude defense and social security.

THE IMPACT OF A BALANCED BUDGET AMENDMENT AND THE CONTRACT WITH AMERICA ON THE STATE OF PENNSYLVANIA¹

- I. A Balanced Budget Amendment would reduce annual Federal grants to the Pennsylvania state government by \$3.1 billion.**
- \$1.8 billion per year in lost funding for Medicaid
 - \$211 million per year in lost highway trust fund grants
 - \$178 million per year in lost funding for welfare (AFDC)
 - \$901 million per year in lost funding for education, job training, the environment, housing, and other areas
 - *Pennsylvania would have to increase state taxes by 12.7 percent across-the-board to make up for the loss in grants.*
- II. A Balanced Budget Amendment combined with the "Contract with America" tax cuts would require even deeper spending cuts, thereby reducing annual Federal grants to the Pennsylvania state government by \$4.2 billion.**
- \$2.4 billion per year in lost funding for Medicaid
 - \$290 million per year in lost highway trust fund grants
 - \$244 million per year in lost funding for welfare (AFDC)
 - \$1.2 billion per year in lost funding for education, job training, the environment, housing, and other areas
 - *Pennsylvania would have to increase state taxes by 17.4 percent across-the-board to make up for the loss in grants.*
- III. A Balanced Budget Amendment and the "Contract with America" tax cuts would reduce other annual Federal spending in Pennsylvania by \$11.7 billion.**
- \$7.0 billion per year in Medicare benefits
 - \$4.7 billion per year in other spending including housing assistance, student loans, veterans' benefits, and grants to local governments

¹For all calculations, a balanced budget is achieved by FY 2002 through across-the-board spending cuts that exclude defense and social security.

THE IMPACT OF A BALANCED BUDGET AMENDMENT AND THE CONTRACT WITH AMERICA ON THE STATE OF RHODE ISLAND¹

- I. **A Balanced Budget Amendment would reduce annual Federal grants to the Rhode Island state government by \$430 million.**
 - \$255 million per year in lost funding for Medicaid
 - \$42 million per year in lost highway trust fund grants
 - \$23 million per year in lost funding for welfare (AFDC)
 - \$109 million per year in lost funding for education, job training, the environment, housing, and other areas
 - *Rhode Island would have to increase state taxes by 21.4 percent across-the-board to make up for the loss in grants.*
- II. **A Balanced Budget Amendment combined with the "Contract with America" tax cuts would require even deeper spending cuts, thereby reducing annual Federal grants to the Rhode Island state government by \$590 million.**
 - \$350 million per year in lost funding for Medicaid
 - \$58 million per year in lost highway trust fund grants
 - \$32 million per year in lost funding for welfare (AFDC)
 - \$150 million per year in lost funding for education, job training, the environment, housing, and other areas
 - *Rhode Island would have to increase state taxes by 29.3 percent across-the-board to make up for the loss in grants.*
- III. **A Balanced Budget Amendment and the "Contract with America" tax cuts would reduce other annual Federal spending in Rhode Island by \$849 million.**
 - \$476 million per year in Medicare benefits
 - \$373 million per year in other spending including housing assistance, student loans, veterans' benefits, and grants to local governments

¹For all calculations, a balanced budget is achieved by FY 2002 through across-the-board spending cuts that exclude defense and social security.

THE IMPACT OF A BALANCED BUDGET AMENDMENT AND THE CONTRACT WITH AMERICA ON THE STATE OF SOUTH CAROLINA¹

- I. A Balanced Budget Amendment would reduce annual Federal grants to the South Carolina state government by \$1.0 billion.**
- \$644 million per year in lost funding for Medicaid
 - \$68 million per year in lost highway trust fund grants
 - \$31 million per year in lost funding for welfare (AFDC)
 - \$260 million per year in lost funding for education, job training, the environment, housing, and other areas
 - *South Carolina would have to increase state taxes by 14.3 percent across-the-board to make up for the loss in grants.*
- II. A Balanced Budget Amendment combined with the "Contract with America" tax cuts would require even deeper spending cuts, thereby reducing annual Federal grants to the South Carolina state government by \$1.4 billion.**
- \$883 million per year in lost funding for Medicaid
 - \$94 million per year in lost highway trust fund grants
 - \$42 million per year in lost funding for welfare (AFDC)
 - \$357 million per year in lost funding for education, job training, the environment, housing, and other areas
 - *South Carolina would have to increase state taxes by 19.6 percent across-the-board to make up for the loss in grants.*
- III. A Balanced Budget Amendment and the "Contract with America" tax cuts would reduce other annual Federal spending in South Carolina by \$3.0 billion.**
- \$935 million per year in Medicare benefits
 - \$2.1 billion per year in other spending including housing assistance, student loans, veterans' benefits, and grants to local governments

¹For all calculations, a balanced budget is achieved by FY 2002 through across-the-board spending cuts that exclude defense and social security.

THE IMPACT OF A BALANCED BUDGET AMENDMENT AND THE CONTRACT WITH AMERICA ON THE STATE OF SOUTH DAKOTA¹

- I. **A Balanced Budget Amendment would reduce annual Federal grants to the South Dakota state government by \$231 million.**
 - \$103 million per year in lost funding for Medicaid
 - \$39 million per year in lost highway trust fund grants
 - \$6 million per year in lost funding for welfare (AFDC)
 - \$82 million per year in lost funding for education, job training, the environment, housing, and other areas
 - *South Dakota would have to increase state taxes by 24.7 percent across-the-board to make up for the loss in grants.*
- II. **A Balanced Budget Amendment combined with the "Contract with America" tax cuts would require even deeper spending cuts, thereby reducing annual Federal grants to the South Dakota state government by \$316 million.**
 - \$142 million per year in lost funding for Medicaid
 - \$53 million per year in lost highway trust fund grants
 - \$9 million per year in lost funding for welfare (AFDC)
 - \$113 million per year in lost funding for education, job training, the environment, housing, and other areas
 - *South Dakota would have to increase state taxes by 33.8 percent across-the-board to make up for the loss in grants.*
- III. **A Balanced Budget Amendment and the "Contract with America" tax cuts would reduce other annual Federal spending in South Dakota by \$792 million.**
 - \$281 million per year in Medicare benefits
 - \$511 million per year in other spending including housing assistance, student loans, veterans' benefits, and grants to local governments

¹For all calculations, a balanced budget is achieved by FY 2002 through across-the-board spending cuts that exclude defense and social security.

THE IMPACT OF A BALANCED BUDGET AMENDMENT AND THE CONTRACT WITH AMERICA ON THE STATE OF TENNESSEE¹

I. A Balanced Budget Amendment would reduce annual Federal grants to the Tennessee state government by \$1.5 billion.

- \$989 million per year in lost funding for Medicaid
- \$78 million per year in lost highway trust fund grants
- \$60 million per year in lost funding for welfare (AFDC)
- \$411 million per year in lost funding for education, job training, the environment, housing, and other areas
- *Tennessee would have to increase state taxes by 19.5 percent across-the-board to make up for the loss in grants.*

II. A Balanced Budget Amendment combined with the "Contract with America" tax cuts would require even deeper spending cuts, thereby reducing annual Federal grants to the Tennessee state government by \$2.1 billion.

- \$1.4 billion per year in lost funding for Medicaid
- \$107 million per year in lost highway trust fund grants
- \$82 million per year in lost funding for welfare (AFDC)
- \$563 million per year in lost funding for education, job training, the environment, housing, and other areas
- *Tennessee would have to increase state taxes by 26.7 percent across-the-board to make up for the loss in grants.*

III. A Balanced Budget Amendment and the "Contract with America" tax cuts would reduce other annual Federal spending in Tennessee by \$5.3 billion.

- \$1.9 billion per year in Medicare benefits
- \$3.4 billion per year in other spending including housing assistance, student loans, veterans' benefits, and grants to local governments

¹For all calculations, a balanced budget is achieved by FY 2002 through across-the-board spending cuts that exclude defense and social security.

THE IMPACT OF A BALANCED BUDGET AMENDMENT AND THE CONTRACT WITH AMERICA ON THE STATE OF TEXAS¹

- I. **A Balanced Budget Amendment would reduce annual Federal grants to the Texas state government by \$4.2 billion.**
 - \$2.5 billion per year in lost funding for Medicaid
 - \$340 million per year in lost highway trust fund grants
 - \$147 million per year in lost funding for welfare (AFDC)
 - \$1.2 billion per year in lost funding for education, job training, the environment, housing, and other areas
 - *Texas would have to increase state taxes by 14.0 percent across-the-board to make up for the loss in grants.*

- II. **A Balanced Budget Amendment combined with the "Contract with America" tax cuts would require even deeper spending cuts, thereby reducing annual Federal grants to the Texas state government by \$5.7 billion.**
 - \$3.5 billion per year in lost funding for Medicaid
 - \$466 million per year in lost highway trust fund grants
 - \$202 million per year in lost funding for welfare (AFDC)
 - \$1.6 billion per year in lost funding for education, job training, the environment, housing, and other areas
 - *Texas would have to increase state taxes by 19.2 percent across-the-board to make up for the loss in grants.*

- III. **A Balanced Budget Amendment and the "Contract with America" tax cuts would reduce other annual Federal spending in Texas by \$14.8 billion.**
 - \$5.9 billion per year in Medicare benefits
 - \$8.9 billion per year in other spending including housing assistance, student loans, veterans' benefits, and grants to local governments

¹For all calculations, a balanced budget is achieved by FY 2002 through across-the-board spending cuts that exclude defense and social security.

THE IMPACT OF A BALANCED BUDGET AMENDMENT AND THE CONTRACT WITH AMERICA ON THE STATE OF UTAH¹

- I. A Balanced Budget Amendment would reduce annual Federal grants to the Utah state government by \$422 million.**
 - \$190 million per year in lost funding for Medicaid
 - \$49 million per year in lost highway trust fund grants
 - \$22 million per year in lost funding for welfare (AFDC)
 - \$160 million per year in lost funding for education, job training, the environment, housing, and other areas
 - *Utah would have to increase state taxes by 11.4 percent across-the-board to make up for the loss in grants.*

- II. A Balanced Budget Amendment combined with the "Contract with America" tax cuts would require even deeper spending cuts, thereby reducing annual Federal grants to the Utah state government by \$579 million.**
 - \$261 million per year in lost funding for Medicaid
 - \$68 million per year in lost highway trust fund grants
 - \$31 million per year in lost funding for welfare (AFDC)
 - \$220 million per year in lost funding for education, job training, the environment, housing, and other areas
 - *Utah would have to increase state taxes by 15.6 percent across-the-board to make up for the loss in grants.*

- III. A Balanced Budget Amendment and the "Contract with America" tax cuts would reduce other annual Federal spending in Utah by \$1.5 billion.**
 - \$323 million per year in Medicare benefits
 - \$1.2 billion per year in other spending including housing assistance, student loans, veterans' benefits, and grants to local governments

¹For all calculations, a balanced budget is achieved by FY 2002 through across-the-board spending cuts that exclude defense and social security.

THE IMPACT OF A BALANCED BUDGET AMENDMENT AND THE CONTRACT WITH AMERICA ON THE STATE OF VERMONT¹

I. A Balanced Budget Amendment would reduce annual Federal grants to the Vermont state government by \$207 million.

- \$89 million per year in lost funding for Medicaid
- \$37 million per year in lost highway trust fund grants
- \$13 million per year in lost funding for welfare (AFDC)
- \$68 million per year in lost funding for education, job training, the environment, housing, and other areas
- *Vermont would have to increase state taxes by 17.4 percent across-the-board to make up for the loss in grants.*

II. A Balanced Budget Amendment combined with the "Contract with America" tax cuts would require even deeper spending cuts, thereby reducing annual Federal grants to the Vermont state government by \$284 million.

- \$122 million per year in lost funding for Medicaid
- \$51 million per year in lost highway trust fund grants
- \$18 million per year in lost funding for welfare (AFDC)
- \$93 million per year in lost funding for education, job training, the environment, housing, and other areas
- *Vermont would have to increase state taxes by 23.9 percent across-the-board to make up for the loss in grants.*

III. A Balanced Budget Amendment and the "Contract with America" tax cuts would reduce other annual Federal spending in Vermont by \$413 million.

- \$206 million per year in Medicare benefits
- \$207 million per year in other spending including housing assistance, student loans, veterans' benefits, and grants to local governments

¹For all calculations, a balanced budget is achieved by FY 2002 through across-the-board spending cuts that exclude defense and social security.

THE IMPACT OF A BALANCED BUDGET AMENDMENT AND THE CONTRACT WITH AMERICA ON THE STATE OF VIRGINIA¹

I. A Balanced Budget Amendment would reduce annual Federal grants to the Virginia state government by \$1.0 billion.

- \$490 million per year in lost funding for Medicaid
- \$72 million per year in lost highway trust fund grants
- \$49 million per year in lost funding for welfare (AFDC)
- \$393 million per year in lost funding for education, job training, the environment, housing, and other areas
- *Virginia would have to increase state taxes by 8.2 percent across-the-board to make up for the loss in grants.*

II. A Balanced Budget Amendment combined with the "Contract with America" tax cuts would require even deeper spending cuts, thereby reducing annual Federal grants to the Virginia state government by \$1.4 billion.

- \$673 million per year in lost funding for Medicaid
- \$99 million per year in lost highway trust fund grants
- \$68 million per year in lost funding for welfare (AFDC)
- \$539 million per year in lost funding for education, job training, the environment, housing, and other areas
- *Virginia would have to increase state taxes by 11.2 percent across-the-board to make up for the loss in grants.*

III. A Balanced Budget Amendment and the "Contract with America" tax cuts would reduce other annual Federal spending in Virginia by \$8.3 billion.

- \$1.9 billion per year in Medicare benefits
- \$6.4 billion per year in other spending including housing assistance, student loans, veterans' benefits, and grants to local governments

¹For all calculations, a balanced budget is achieved by FY 2002 through across-the-board spending cuts that exclude defense and social security.

THE IMPACT OF A BALANCED BUDGET AMENDMENT AND THE CONTRACT WITH AMERICA ON THE STATE OF WASHINGTON¹

- I. A Balanced Budget Amendment would reduce annual Federal grants to the Washington state government by \$1.3 billion.**
 - \$730 million per year in lost funding for Medicaid
 - \$117 million per year in lost highway trust fund grants
 - \$126 million per year in lost funding for welfare (AFDC)
 - \$346 million per year in lost funding for education, job training, the environment, housing, and other areas
 - *Washington would have to increase state taxes by 8.4 percent across-the-board to make up for the loss in grants.*

- II. A Balanced Budget Amendment combined with the "Contract with America" tax cuts would require even deeper spending cuts, thereby reducing annual Federal grants to the Washington state government by \$1.8 billion.**
 - \$1.0 billion per year in lost funding for Medicaid
 - \$161 million per year in lost highway trust fund grants
 - \$172 million per year in lost funding for welfare (AFDC)
 - \$474 million per year in lost funding for education, job training, the environment, housing, and other areas
 - *Washington would have to increase state taxes by 11.5 percent across-the-board to make up for the loss in grants.*

- III. A Balanced Budget Amendment and the "Contract with America" tax cuts would reduce other annual Federal spending in Washington by \$4.9 billion.**
 - \$1.5 billion per year in Medicare benefits
 - \$3.4 billion per year in other spending including housing assistance, student loans, veterans' benefits, and grants to local governments

¹For all calculations, a balanced budget is achieved by FY 2002 through across-the-board spending cuts that exclude defense and social security.

THE IMPACT OF A BALANCED BUDGET AMENDMENT AND THE CONTRACT WITH AMERICA ON THE STATE OF WEST VIRGINIA¹

I. A Balanced Budget Amendment would reduce annual Federal grants to the West Virginia state government by \$765 million.

- \$488 million per year in lost funding for Medicaid
- \$45 million per year in lost highway trust fund grants
- \$32 million per year in lost funding for welfare (AFDC)
- \$199 million per year in lost funding for education, job training, the environment, housing, and other areas
- *West Virginia would have to increase state taxes by 20.6 percent across-the-board to make up for the loss in grants.*

II. A Balanced Budget Amendment combined with the "Contract with America" tax cuts would require even deeper spending cuts, thereby reducing annual Federal grants to the West Virginia state government by \$1.0 billion.

- \$670 million per year in lost funding for Medicaid
- \$62 million per year in lost highway trust fund grants
- \$44 million per year in lost funding for welfare (AFDC)
- \$273 million per year in lost funding for education, job training, the environment, housing, and other areas
- *West Virginia would have to increase state taxes by 28.3 percent across-the-board to make up for the loss in grants.*

III. A Balanced Budget Amendment and the "Contract with America" tax cuts would reduce other annual Federal spending in West Virginia by \$1.7 billion.

- \$824 million per year in Medicare benefits
- \$835 million per year in other spending including housing assistance, student loans, veterans' benefits, and grants to local governments

¹For all calculations, a balanced budget is achieved by FY 2002 through across-the-board spending cuts that exclude defense and social security.

THE IMPACT OF A BALANCED BUDGET AMENDMENT AND THE CONTRACT WITH AMERICA ON THE STATE OF WISCONSIN¹

- I. **A Balanced Budget Amendment would reduce annual Federal grants to the Wisconsin state government by \$1.3 billion.**
 - \$694 million per year in lost funding for Medicaid
 - \$111 million per year in lost highway trust fund grants
 - \$96 million per year in lost funding for welfare (AFDC)
 - \$349 million per year in lost funding for education, job training, the environment, housing, and other areas
 - *Wisconsin would have to increase state taxes by 10.3 percent across-the-board to make up for the loss in grants.*

- II. **A Balanced Budget Amendment combined with the "Contract with America" tax cuts would require even deeper spending cuts, thereby reducing annual Federal grants to the Wisconsin state government by \$1.7 billion.**
 - \$952 million per year in lost funding for Medicaid
 - \$153 million per year in lost highway trust fund grants
 - \$132 million per year in lost funding for welfare (AFDC)
 - \$479 million per year in lost funding for education, job training, the environment, housing, and other areas
 - *Wisconsin would have to increase state taxes by 14.2 percent across-the-board to make up for the loss in grants.*

- III. **A Balanced Budget Amendment and the "Contract with America" tax cuts would reduce other annual Federal spending in Wisconsin by \$3.4 billion.**
 - \$2.1 billion per year in Medicare benefits
 - \$1.3 billion per year in other spending including housing assistance, student loans, veterans' benefits, and grants to local governments

¹For all calculations, a balanced budget is achieved by FY 2002 through across-the-board spending cuts that exclude defense and social security.

THE IMPACT OF A BALANCED BUDGET AMENDMENT AND THE CONTRACT WITH AMERICA ON THE STATE OF WYOMING¹

I. A Balanced Budget Amendment would reduce annual Federal grants to the Wyoming state government by \$218 million.

- \$55 million per year in lost funding for Medicaid
- \$38 million per year in lost highway trust fund grants
- \$8 million per year in lost funding for welfare (AFDC)
- \$118 million per year in lost funding for education, job training, the environment, housing, and other areas
- *Wyoming would have to increase state taxes by 18.7 percent across-the-board to make up for the loss in grants.*

II. A Balanced Budget Amendment combined with the "Contract with America" tax cuts would require even deeper spending cuts, thereby reducing annual Federal grants to the Wyoming state government by \$300 million.

- \$75 million per year in lost funding for Medicaid
- \$52 million per year in lost highway trust fund grants
- \$10 million per year in lost funding for welfare (AFDC)
- \$162 million per year in lost funding for education, job training, the environment, housing, and other areas
- *Wyoming would have to increase state taxes by 25.7 percent across-the-board to make up for the loss in grants.*

III. A Balanced Budget Amendment and the "Contract with America" tax cuts would reduce other annual Federal spending in Wyoming by \$393 million.

- \$131 million per year in Medicare benefits
- \$262 million per year in other spending including housing assistance, student loans, veterans' benefits, and grants to local governments

¹For all calculations, a balanced budget is achieved by FY 2002 through across-the-board spending cuts that exclude defense and social security.

CONTRACT WITH AMERICA

(SUMMARY VERSION)

As Republican Members of the House of Representatives and as citizens seeking to join that body, we propose, not just to change its policies, but even more important, to restore the bonds of trust between the people and their elected representatives.

That is why, in this era of official evasion and posturing, we offer instead a detailed agenda for national renewal, a written commitment with no fine print.

This year's election offers the chance, after four decades of one-party control, to bring to the House a new majority that will transform the way Congress works. That historic change would be the end of government that is too big, too intrusive, and too easy with the public's money. It can be the beginning of a Congress that respects the values and shares the faith of the American family.

Like Lincoln, our first Republican President, we intend to act "with firmness in the right, as God gives us to see the right." To restore accountability to Congress. To end its cycle of scandal and disgrace. To make us all proud again of the way free people govern themselves.

Respecting the judgment of our fellow citizens as we seek their mandate for reform, we hereby pledge our names to this Contract with America.

On the first day of the 104th Congress, the new Republican majority will immediately pass the following major reforms, aimed at restoring the faith and trust of the American people in their government:

FIRST, require all laws that apply to the rest of the country also apply equally to the Congress.

SECOND, select a major, independent auditing firm to conduct a complete audit of all Congressional accounts for waste, fraud or abuse.

THIRD, drastically cut congressional staff levels and a reduction in the number of congressional committees.

Thereafter, within the first 100 days, we shall bring to the House Floor for serious consideration the following bills, each to be given a fair "up or down" vote, and will work for their enactment:

- 1 **Balanced Budget Amendment/ Line Item Veto** - A balanced budget/tax limitation amendment and a legislative line-item veto will restore fiscal responsibility to an out-of-control Congress, requiring them to live under the same constraints as families and businesses.

- **Crime - A Republican anti-crime package including stronger truth-in-sentencing, "good faith" exclusionary rule exemptions, effective death penalty provisions, and cuts in social spending from this summer's "crime" bill to fund prison construction and additional law enforcement will keep people secure in their neighborhoods and kids safe in their schools.**
- **Welfare Reform - Discouraging illegitimacy and teen pregnancy by prohibiting welfare to minor mothers and denying increased AFDC for additional children while on welfare, cutting spending for welfare programs, ending welfare for families collecting AFDC for five years, eliminating welfare for non citizens, and enacting a tough two-years-and-out provision with work requirements will promote individual responsibility.**
- **Reinforce Families and Children - Child support enforcement, tax incentives for adoption, strengthening rights of parents in their children's education, stronger child pornography laws (weakened under Clinton), and an elderly dependent care tax credit will give families the opportunity to make decisions about their future.**
- **Family and Middle Class Tax Cuts - A \$500 per child tax credit, elimination of the marriage penalty, and an establishment of American Dream Savings Accounts will provide middle class tax relief.**
- **Strengthening National Defense - No U.S. troops under the command of foreign armies, and a missile defense that protects Americans from rogue dictatorships will strengthen our national defense and maintain our credibility around the world.**
- **Senior Citizens' Reforms - Increasing the Social Security earnings limit which currently forces seniors out of the work force, repealing the Clinton tax hikes on Social Security benefits and providing tax incentives for private long-term care insurance will let Older Americans keep more of what they have earned over the years.**
- **Economic Growth and Regulatory Reform - Capital gains cuts and indexation, neutral cost recovery, risk assessment/cost-benefit analysis, strengthening the Regulatory Flexibility Act, and unfunded mandates reform will create jobs and raise worker wages.**
- **Common Sense Legal Reforms - "Loser pays" laws and reasonable limits on punitive damages will stem the endless tide of litigation.**
- **Term Limits - A first-ever vote on term limits that would end a seniority system allowing individual members of congress to consolidate power.**

CONTRACT WITH AMERICA

(SUMMARY VERSION)

As Republican Members of the House of Representatives and as citizens seeking to join that body, we propose, not just to change its policies, but even more important, to restore the bonds of trust between the people and their elected representatives.

That is why, in this era of official evasion and posturing, we offer instead a detailed agenda for national renewal, a written commitment with no fine print.

This year's election offers the chance, after four decades of one-party control, to bring to the House a new majority that will transform the way Congress works. That historic change would be the end of government that is too big, too intrusive, and too easy with the public's money. It can be the beginning of a Congress that respects the values and shares the faith of the American family.

Like Lincoln, our first Republican President, we intend to act "with firmness in the right, as God gives us to see the right." To restore accountability to Congress. To end its cycle of scandal and disgrace. To make us all proud again of the way free people govern themselves.

Respecting the judgment of our fellow citizens as we seek their mandate for reform, we hereby pledge our names to this Contract with America.

On the first day of the 104th Congress, the new Republican majority will immediately pass the following major reforms, aimed at restoring the faith and trust of the American people in their government:

FIRST, require all laws that apply to the rest of the country also apply equally to the Congress.

SECOND, select a major, independent auditing firm to conduct a complete audit of all Congressional accounts for waste, fraud or abuse.

THIRD, drastically cut congressional staff levels and a reduction in the number of congressional committees.

Thereafter, within the first 100 days, we shall bring to the House Floor for serious consideration the following bills, each to be given a fair "up or down" vote, and will work for their enactment:

• **Balanced Budget Amendment/ Line Item Veto** - A balanced budget/tax limitation amendment and a legislative line-item veto will restore fiscal responsibility to an out-of-control Congress, requiring them to live under the same constraints as families and businesses.

- ◆ **Crime - A Republican anti-crime package** including stronger truth-in-sentencing, "good faith" exclusionary rule exemptions, effective death penalty provisions, and cuts in social spending from this summer's "crime" bill to fund prison construction and additional law enforcement will keep people secure in their neighborhoods and kids safe in their schools.
- ◆ **Welfare Reform - Discouraging illegitimacy and teen pregnancy** by prohibiting welfare to minor mothers and denying increased AFDC for additional children while on welfare, cutting spending for welfare programs, ending welfare for families collecting AFDC for five years, eliminating welfare for non citizens, and enacting a tough two-years-and-out provision with work requirements will promote individual responsibility.
- ◆ **Reinforce Families and Children - Child support enforcement, tax incentives for adoption, strengthening rights of parents in their children's education, stronger child pornography laws (weakened under Clinton), and an elderly dependent care tax credit** will give families the opportunity to make decisions about their future.
- ◆ **Family and Middle Class Tax Cuts - A \$500 per child tax credit, elimination of the marriage penalty, and an establishment of American Dream Savings Accounts** will provide middle class tax relief.
- ◆ **Strengthening National Defense - No U.S. troops under the command of foreign armies, and a missile defense that protects Americans from rogue dictatorships** will strengthen our national defense and maintain our credibility around the world.
- ◆ **Senior Citizens' Reforms - Increasing the Social Security earnings limit which currently forces seniors out of the work force, repealing the Clinton tax hikes on Social Security benefits and providing tax incentives for private long-term care insurance** will let Older Americans keep more of what they have earned over the years.
- ◆ **Economic Growth and Regulatory Reform - Capital gains cuts and indexation, neutral cost recovery, risk assessment/cost-benefit analysis, strengthening the Regulatory Flexibility Act, and unfunded mandates reform** will create jobs and raise worker wages.
- ◆ **Common Sense Legal Reforms - "Loser pays" laws and reasonable limits on punitive damages** will stem the endless tide of litigation.
- ◆ **Term Limits - A first-ever vote on term limits that would end a seniority system** allowing individual members of congress to consolidate power.

Table 1
Summary of Budget Affects of House Republican
"Contract with America"
(\$ in billions, totals over 5 years)

Savings Needed to Balance the Budget and Pay for Revenue Losses and Spending Increases	\$1.0218 TRILLION
---	--------------------------

"Examples of Possible Offsets"	- <u>221.07</u>
(As estimated by the House Republican leadership)	

TOTAL SHORTFALL	\$800.73 BILLION
------------------------	-------------------------

Table 2
Cost of House Republican "Contract with America"
(\$ in billions)

	5-Year Total
Balanced Budget Amendment	\$743.0
<i>Source: CBO estimate of a 5-year balanced budget schedule. Rep. Armey has proposed balancing the budget by the year 2000.</i>	
Tax Incentives for Adoption	0.9
<i>Source: House Republican Leadership Estimate</i>	
Dependent Care Tax Credit for Seniors	8.0
<i>Source: House Republican Leadership Estimate</i>	
\$500/child Tax Credit	107.0
<i>Source: House Republican Leadership Estimate</i>	
Modify the Marriage Penalty	10.0 (1)
<i>Source: House Republican Leadership Estimate</i>	
Super IRA	0.0 (2)
Defense	61.1 (3)
<i>Source: House Republican Alternative Budget, March 1994</i>	
Raise Social Security Earnings Limit to \$30,000	6.8
<i>Source: House Republican Leadership Estimate</i>	
Phase-Out 85% Social Security Inclusion	17.0
<i>Source: House Republican Leadership Estimate</i>	
Tax Incentives for Private Long-Term Care Insurance	1.3
<i>Source: House Republican Leadership Estimate</i>	
Cut Capital Gains Rates/Index to Inflation	56.0
<i>Source: House Republican Leadership Estimate</i>	
Neutral Cost Recovery	0.0 (2)
Small Business Expensing Provision	3.5
<i>Source: House Republican Leadership Estimate</i>	
Raise Estate & Gift Tax Exclusion	6.5
<i>Source: House Republican Leadership Estimate</i>	
Restore Tax Deduction for Home Office Expenses	0.6
<i>Source: House Republican Leadership Estimate</i>	
Reduce Congressional Staff by One-Third	0.1
<i>Source: House Republican Leadership Estimate</i>	
TOTAL COST	\$1.0218 Trillion

- (1) Initial documents claimed the marriage penalty would be eliminated, as in the Istook proposal (HR 3851). JCT estimates this would cost \$72 billion. Apparently the "Contract" has been altered to only reduce the marriage penalty.
- (2) The IRA and Neutral Cost Recovery proposals are both listed as tax increases totalling \$24.2 billion. In fact, CRS analysis shows that the cost of the Super IRA would be \$8 billion per year. Likewise various JCT estimates of rollover, backloaded IRAs also show yearly costs of \$4-8 billion per year. The NCR proposal has been projected by the Senate Budget Committee as costing money within 5 years. In light of these differences, we have simply listed both proposals as cost neutral over the next 5 years.
- (3) The description in "Contract with America" repeatedly refers to "strengthening" the defense budget. The House Rep. alternative budget introduced by Rep. Kasich called for a \$61.1 billion increase in outlays and a \$73.7 billion increase in budget authority. However, in a cost estimate document released by the House Rep. leadership on Sept. 23, 1994, they claim that their defense proposal would have 'no costs.' If this reflects that the House Rep. leadership is in agreement with the Clinton defense budget, the total cost of their proposals would be \$61.1 billion less, or \$96.1 billion total.

Table 3
"Examples of Possible Offsets" Claimed by House Republican Leadership*
(\$ in billions)

		5-Year Total
Mandatory Spending		
Student Loan Cuts	-9.56	
Health Cuts	-53.16	
(Medicare, Medicaid, Retirees)		
Welfare Reform	-40.00	
Total, Mandatory Spending Cuts	-102.72	-102.72
Discretionary Spending		
Crime Prevention	-5.00	
International Discretionary	-16.20	
Agriculture and Rural Cuts	-3.27	
Job Training Cuts	-7.56	
Additional Discretionary Cuts Listed	-58.32	
Overhead Reduction	-28.00	
(No specifics given)		
Total, Discretionary Spending Cuts	-118.35	-118.35
SUM OF "EXAMPLES OF POSSIBLE OFFSETS"		-221.07
Savings Needed for House Republican "Contract with America"		+ 1,021.80
TOTAL SHORTFALL		\$800.73 BILLION

* All savings estimates included are taken as given by the House Republican leadership. The accuracy of these estimates is not necessarily endorsed.

WHAT WOULD THE IMPACT ON VETERANS AND SENIORS BE?

The Republican plan outlined in the Contract requires approximately \$1 trillion in savings over five years and more than \$1.5 trillion in savings *over seven years*. It is also important to examine what percentage cut in federal resources would be necessary in the year in which the Republicans would fully pay for their tax cuts, spending increases and balancing the budget.

If they are to complete their contract by the year 2002, the Republicans will have to find savings for all of their tax cuts and spending increases in addition to finding the savings needed to eliminate the \$319 billion budget deficit that is projected by CBO to exist in the year 2002. Even if one gives those proposing the Contract credit for significant interest savings, they would still have to lower spending by \$350 billion *in the year 2002 alone*.

But, when defense is excluded from the pool of federal resources needed for saving, the Republicans would have to cut spending across-the-board by over 20% -- including veterans benefits, Social Security and Medicare. If Social Security was also excluded, then there would have to be a 30% across-the-board cut on veterans, Medicare as well as the rest of the federal budget. If other areas were excluded from cuts, the reductions in the rest of the budget would be in excess of 30%.

The attached table documents how an even estimate, favorable to the Republicans, would require \$350 billion in savings in the year 2002 alone. The following pie chart shows the available pool of savings in the year 2002 under the House Republican Contract.

Cost of House Republican "Contract with America"
in FY 2002
(\$ in billions)

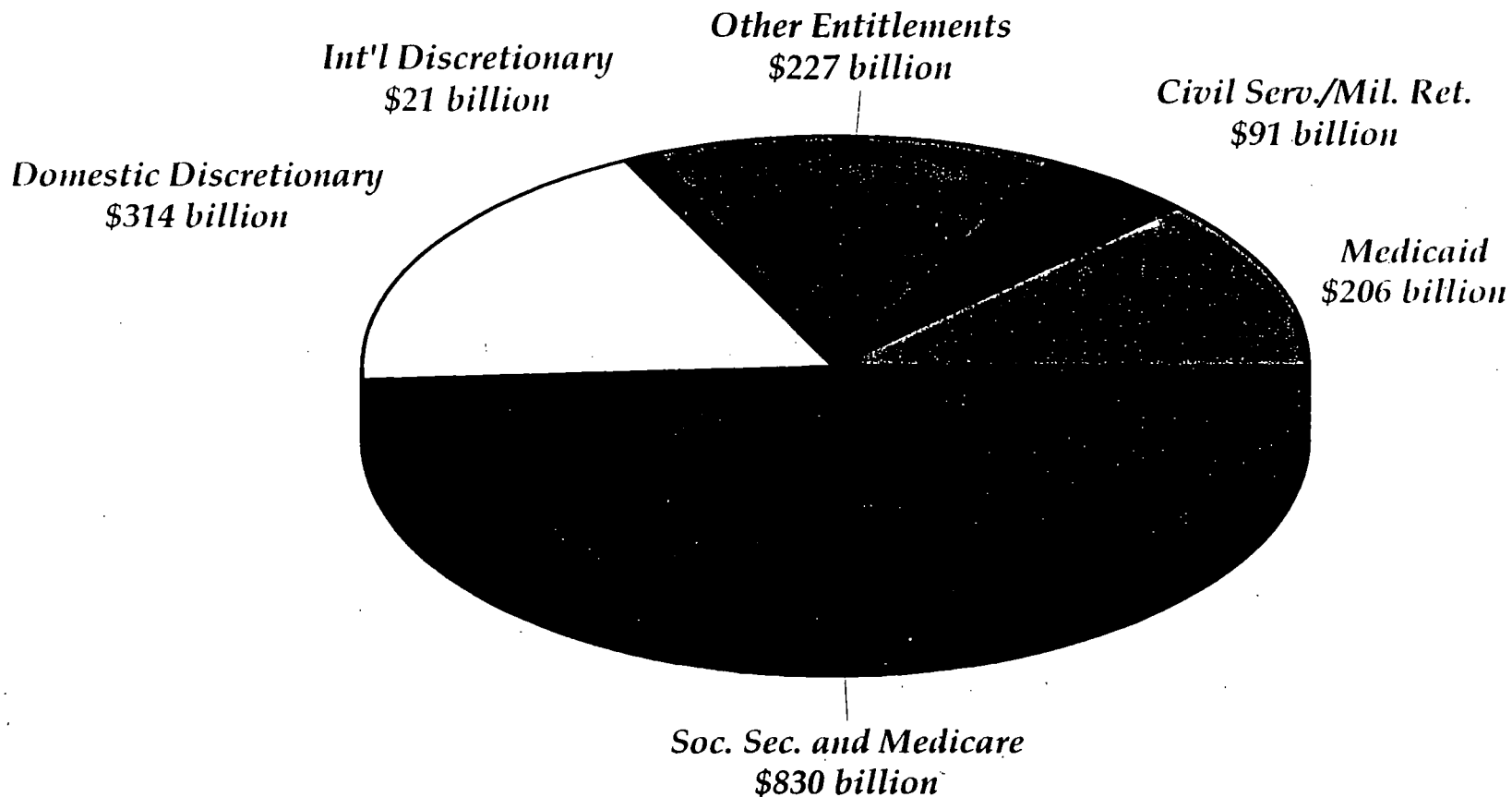
	FY 2002
Balanced Budget Amendment	\$319.0
Source: CBO estimate of the federal deficit in FY 2002	
Tax Incentives for Adoption	0.2
Source: House Republican Leadership Estimate (1)	
Dependent Care Tax Credit for Seniors	0.3
Source: House Republican Leadership Estimate (1)	
\$500/child Tax Credit	25.6
Source: House Budget Committee Report on FY 1995 Kasich Budget Proposal	
Modify the Marriage Penalty	2.0
Source: House Republican Leadership Estimate (1)	
Super IRA	8.0
Source: Center on Budget and Policy Priorities and past analyses by JCT and CRS	
Defense	18.1
Source: House Republican Alternative Budget, March 1994	
Raise Social Security Earnings Limit to \$30,000	1.4
Source: House Republican Leadership Estimate (1)	
Phase-Out 85% Social Security Inclusion	5.0
Source: House Republican Leadership Estimate (1)	
Tax Incentives for Private Long-Term Care Insurance	0.3
Source: House Republican Leadership Estimate (1)	
Cut Capital Gains Rates/Index to Inflation	11.2
Source: House Republican Leadership Estimate (1)	
Neutral Cost Recovery	8.0
Source: Center on Budget and Policy Priorities and estimates based on CRS analysis	
Small Business Expensing Provision	0.7
Source: House Republican Leadership Estimate (1)	
Raise Estate & Gift Tax Exclusion	1.3
Source: House Republican Leadership Estimate (1)	
Restore Tax Deduction for Home Office Expenses	0.1
Source: House Republican Leadership Estimate (1)	
Reduce Congressional Staff by One-Third	0.0
Source: House Republican Leadership Estimate (1)	
Cost	\$401.2
Interest Savings	50 (2)
NET COST IN FY 2002	\$ 351.2 BILLION

(1) Estimates based on the House Republican Leadership numbers generously assume that the cost in FY 2002 is one-fifth their projected five-year cost.

(2) A generous projection of interest savings in FY 2002, based on a 7-year plan to balance the budget.

The House Republican's "Contract with America" will require \$350 billion in cuts in FY 2002. Where do you think the cuts will come from?

PROGRAMS AVAILABLE FOR SPENDING CUTS, EXCLUDING DEFENSE
(CBO FY 2002 Projections)



7-Year Costs
Summary of Budget Affects of House Republican
"Contract with America"
(\$ in billions, totals over 7 years)

Savings Needed to Balance the Budget and Pay for Revenue Losses and Spending Increases	\$1.6223 TRILLION
---	--------------------------

"Examples of Possible Offsets"	<u>-309.5</u>
(As estimated by the House Republican leadership, extended 2 extra years)	

TOTAL SHORTFALL	\$1.3128 TRILLION
------------------------	--------------------------

House Republican "Contract with America"
7-Year Cost Estimate
(\$ in billions)

	7-Year Total
Balanced Budget Amendment <i>Source: CBO estimate of a 7-year balanced budget schedule.</i>	\$1,200.0
Tax Incentives for Adoption <i>Source: House Republican Leadership Estimate (1)</i>	1.3
Dependent Care Tax Credit for Seniors <i>Source: House Republican Leadership Estimate (1)</i>	11.2
\$500/child Tax Credit <i>Source: House Republican Leadership Estimate (1)</i>	149.8
Modify the Marriage Penalty <i>Source: House Republican Leadership Estimate (1)</i>	14.0
Super IRA <i>Source: Center on Budget and Policy Priorities, and past analyses by JCT and CRS.</i>	16.0 (2)
Defense <i>Source: House Republican Alternative Budget, March 1994</i>	85.5
Raise Social Security Earnings Limit to \$30,000 <i>Source: House Republican Leadership Estimate (1)</i>	9.5
Phase-Out 85% Social Security Inclusion <i>Source: House Republican Leadership Estimate (1)</i>	23.8
Tax Incentives for Private Long-Term Care Insurance <i>Source: House Republican Leadership Estimate (1)</i>	1.8
Cut Capital Gains Rates/Index to Inflation <i>Source: House Republican Leadership Estimate (1)</i>	78.4
Neutral Cost Recovery <i>Source: Center on Budget and Policy Priorities, and estimates based on CRS analysis.</i>	16.0 (2)
Small Business Expensing Provision <i>Source: House Republican Leadership Estimate (1)</i>	4.9
Raise Estate & Gift Tax Exclusion <i>Source: House Republican Leadership Estimate (1)</i>	9.1
Restore Tax Deduction for Home Office Expenses <i>Source: House Republican Leadership Estimate (1)</i>	0.8
Reduce Congressional Staff by One-Third <i>Source: House Republican Leadership Estimate (1)</i>	0.1
COST	1,622.3
Savings from "Examples of Possible Offsets" <i>Source: House Republican Leadership Estimate (1)</i>	-309.5
NET COST	\$1.3128 Trillion

- (1) Estimates based on the House Republican Leadership numbers assume that the cost over seven years equals 7/5 (140%) of the five-year cost.
- (2) The IRA and Neutral Cost Recovery proposals are both listed by the Republicans as tax increases, totalling \$24.2 billion. In fact, CRS analysis shows that the cost of the Super IRA would be \$8 billion per year once fully implemented. The NCR proposal has also been projected by CRS as costing money. In light of these differences, we have calculated both proposals as cost neutral over the first 5 years and estimate the outyear cost on these objective analyses.

Table 1
Summary of Budget Affects of House Republican
"Contract with America"
(\$ in billions, totals over 5 years)

Savings Needed to Balance the Budget and Pay for Revenue Losses and Spending Increases	\$1.0218 TRILLION
---	--------------------------

"Examples of Possible Offsets"	- <u>221.07</u>
(As estimated by the House Republican leadership)	

TOTAL SHORTFALL	\$800.73 BILLION
------------------------	-------------------------

Table 2
Cost of House Republican "Contract with America"
(\$ in billions)

	5-Year Total
Balanced Budget Amendment	\$743.0
<i>Source: CBO estimate of a 5-year balanced budget schedule. Rep. Armev has proposed balancing the budget by the year 2000.</i>	
Tax Incentives for Adoption	0.9
<i>Source: House Republican Leadership Estimate</i>	
Dependent Care Tax Credit for Seniors	8.0
<i>Source: House Republican Leadership Estimate</i>	
\$500/child Tax Credit	107.0
<i>Source: House Republican Leadership Estimate</i>	
Modify the Marriage Penalty	10.0 (1)
<i>Source: House Republican Leadership Estimate</i>	
Super IRA	0.0 (2)
Defense	61.1 (3)
<i>Source: House Republican Alternative Budget, March 1994</i>	
Raise Social Security Earnings Limit to \$30,000	6.8
<i>Source: House Republican Leadership Estimate</i>	
Phase-Out 85% Social Security Inclusion	17.0
<i>Source: House Republican Leadership Estimate</i>	
Tax Incentives for Private Long-Term Care Insurance	1.3
<i>Source: House Republican Leadership Estimate</i>	
Cut Capital Gains Rates/Index to Inflation	56.0
<i>Source: House Republican Leadership Estimate</i>	
Neutral Cost Recovery	0.0 (2)
Small Business Expensing Provision	3.5
<i>Source: House Republican Leadership Estimate</i>	
Raise Estate & Gift Tax Exclusion	6.5
<i>Source: House Republican Leadership Estimate</i>	
Restore Tax Deduction for Home Office Expenses	0.6
<i>Source: House Republican Leadership Estimate</i>	
Reduce Congressional Staff by One-Third	0.1
<i>Source: House Republican Leadership Estimate</i>	
TOTAL COST	\$1.0218 Trillion

- (1) Initial documents claimed the marriage penalty would be eliminated, as in the Istook proposal (HR 3851). JCT estimates this would cost \$72 billion. Apparently the "Contract" has been altered to only reduce the marriage penalty.
- (2) The IRA and Neutral Cost Recovery proposals are both listed as tax increases totalling \$24.2 billion. In fact, CRS analysis shows that the cost of the Super IRA would be \$8 billion per year. Likewise various JCT estimates of rollover, backloaded IRAs also show yearly costs of \$4-8 billion per year. The NCR proposal has been projected by the Senate Budget Committee as costing money within 5 years. In light of these differences, we have simply listed both proposals as cost neutral over the next 5 years.
- (3) The description in "Contract with America" repeatedly refers to "strengthening" the defense budget. The House Rep. alternative budget introduced by Rep. Kasich called for a \$61.1 billion increase in outlays and a \$73.7 billion increase in budget authority. However, in a cost estimate document released by the House Rep. leadership on Sept. 23, 1994, they claim that their defense proposal would have 'no costs.' If this reflects that the House Rep. leadership is in agreement with the Clinton defense budget, the total cost of their proposals would be \$61.1 billion less, or \$961 billion total.

Table 3
"Examples of Possible Offsets" Claimed by House Republican Leadership*
(\$ in billions)

		5-Year Total
Mandatory Spending		
Student Loan Cuts	-9.56	
Health Cuts	-53.16	
(Medicare, Medicaid, Retirees)		
Welfare Reform	-40.00	
Total, Mandatory Spending Cuts	-102.72	-102.72
Discretionary Spending		
Crime Prevention	-5.00	
International Discretionary	-16.20	
Agriculture and Rural Cuts	-3.27	
Job Training Cuts	-7.56	
Additional Discretionary Cuts Listed	-58.32	
Overhead Reduction	-28.00	
(No specifics given)		
Total, Discretionary Spending Cuts	-118.35	-118.35
SUM OF "EXAMPLES OF POSSIBLE OFFSETS"		-221.07
Savings Needed for House Republican "Contract with America"		+ 1,021.80
TOTAL SHORTFALL		\$800.73 BILLION

* All savings estimates included are taken as given by the House Republican leadership. The accuracy of these estimates is not necessarily endorsed.

WHAT WOULD THE IMPACT ON VETERANS AND SENIORS BE?

The Republican plan outlined in the Contract requires approximately \$1 trillion in savings over five years and more than \$1.5 trillion in savings *over seven years*. It is also important to examine what percentage cut in federal resources would be necessary in the year in which the Republicans would fully pay for their tax cuts, spending increases and balancing the budget.

If they are to complete their contract by the year 2002, the Republicans will have to find savings for all of their tax cuts and spending increases in addition to finding the savings needed to eliminate the \$319 billion budget deficit that is projected by CBO to exist in the year 2002. Even if one gives those proposing the Contract credit for significant interest savings, they would still have to lower spending by \$350 billion *in the year 2002 alone*.

But, when defense is excluded from the pool of federal resources needed for saving, the Republicans would have to cut spending across-the-board by over 20% -- including veterans benefits, Social Security and Medicare. If Social Security was also excluded, then there would have to be a 30% across-the-board cut on veterans, Medicare as well as the rest of the federal budget. If other areas were excluded from cuts, the reductions in the rest of the budget would be in excess of 30%.

The attached table documents how an even estimate, favorable to the Republicans, would require \$350 billion in savings in the year 2002 alone. The following pie chart shows the available pool of savings in the year 2002 under the House Republican Contract.

Cost of House Republican "Contract with America"
in FY 2002
(\$ in billions)

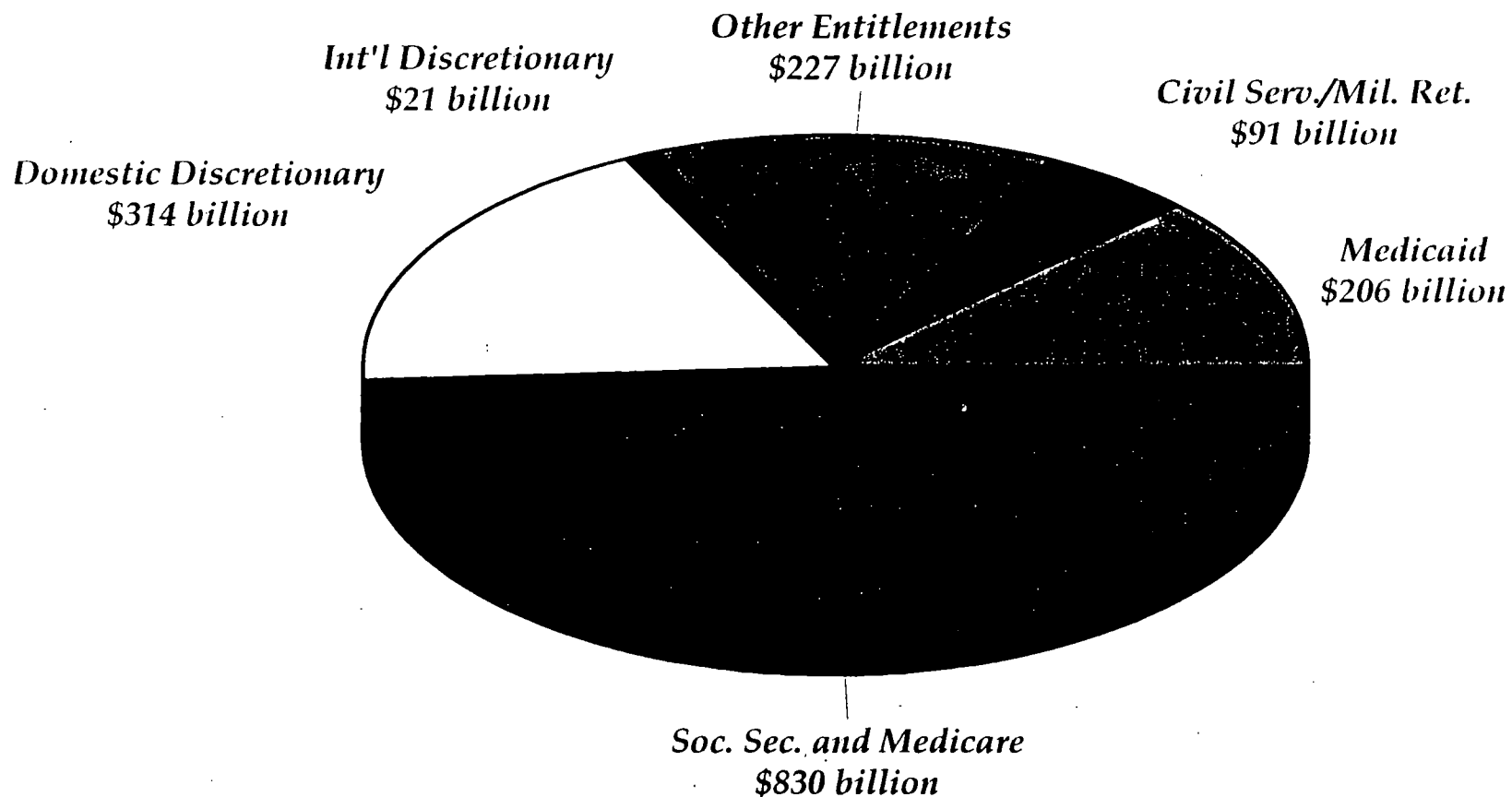
	FY 2002
Balanced Budget Amendment	\$319.0
Source: CBO estimate of the federal deficit in FY 2002	
Tax Incentives for Adoption	0.2
Source: House Republican Leadership Estimate (1)	
Dependent Care Tax Credit for Seniors	0.3
Source: House Republican Leadership Estimate (1)	
\$500/child Tax Credit	25.6
Source: House Budget Committee Report on FY 1995 Kasich Budget Proposal	
Modify the Marriage Penalty	2.0
Source: House Republican Leadership Estimate (1)	
Super IRA	8.0
Source: Center on Budget and Policy Priorities and past analyses by JCT and CRS	
Defense	18.1
Source: House Republican Alternative Budget, March 1994	
Raise Social Security Earnings Limit to \$30,000	1.4
Source: House Republican Leadership Estimate (1)	
Phase-Out 85% Social Security Inclusion	5.0
Source: House Republican Leadership Estimate (1)	
Tax Incentives for Private Long-Term Care Insurance	0.3
Source: House Republican Leadership Estimate (1)	
Cut Capital Gains Rates/Index to Inflation	11.2
Source: House Republican Leadership Estimate (1)	
Neutral Cost Recovery	8.0
Source: Center on Budget and Policy Priorities and estimates based on CRS analysis	
Small Business Expensing Provision	0.7
Source: House Republican Leadership Estimate (1)	
Raise Estate & Gift Tax Exclusion	1.3
Source: House Republican Leadership Estimate (1)	
Restore Tax Deduction for Home Office Expenses	0.1
Source: House Republican Leadership Estimate (1)	
Reduce Congressional Staff by One-Third	0.0
Source: House Republican Leadership Estimate (1)	
Cost	\$401.2
Interest Savings	50 (2)
NET COST IN FY 2002	\$ 351.2 BILLION

(1) Estimates based on the House Republican Leadership numbers generously assume that the cost in FY 2002 is one-fifth their projected five-year cost.

(2) A generous projection of interest savings in FY 2002, based on a 7-year plan to balance the budget.

The House Republican's "Contract with America" will require \$350 billion in cuts in FY 2002. Where do you think the cuts will come from?

PROGRAMS AVAILABLE FOR SPENDING CUTS, EXCLUDING DEFENSE
(CBO FY 2002 Projections)



7-Year Costs
Summary of Budget Affects of House Republican
"Contract with America"
(\$ in billions, totals over 7 years)

Savings Needed to Balance the Budget and Pay for Revenue Losses and Spending Increases	\$1.6223 TRILLION
---	--------------------------

"Examples of Possible Offsets"	<u>-309.5</u>
(As estimated by the House Republican leadership, extended 2 extra years)	

TOTAL SHORTFALL	\$1.3128 TRILLION
------------------------	--------------------------

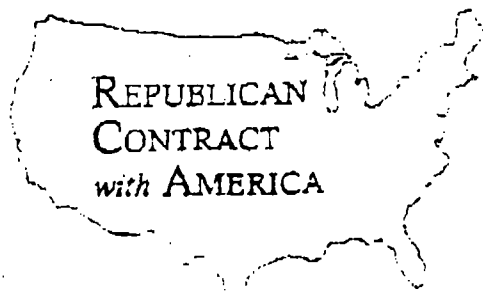
House Republican "Contract with America"

7-Year Cost Estimate

(\$ in billions)

	7-Year Total
Balanced Budget Amendment <i>Source: CBO estimate of a 7-year balanced budget schedule.</i>	\$1,200.0
Tax Incentives for Adoption <i>Source: House Republican Leadership Estimate (1)</i>	1.3
Dependent Care Tax Credit for Seniors <i>Source: House Republican Leadership Estimate (1)</i>	11.2
\$500/child Tax Credit <i>Source: House Republican Leadership Estimate (1)</i>	149.8
Modify the Marriage Penalty <i>Source: House Republican Leadership Estimate (1)</i>	14.0
Super IRA <i>Source: Center on Budget and Policy Priorities, and past analyses by JCT and CRS.</i>	16.0 (2)
Defense <i>Source: House Republican Alternative Budget, March 1994</i>	85.5
Raise Social Security Earnings Limit to \$30,000 <i>Source: House Republican Leadership Estimate (1)</i>	9.5
Phase-Out 85% Social Security Inclusion <i>Source: House Republican Leadership Estimate (1)</i>	23.8
Tax Incentives for Private Long-Term Care Insurance <i>Source: House Republican Leadership Estimate (1)</i>	1.8
Cut Capital Gains Rates/Index to Inflation <i>Source: House Republican Leadership Estimate (1)</i>	78.4
Neutral Cost Recovery <i>Source: Center on Budget and Policy Priorities, and estimates based on CRS analysis.</i>	16.0 (2)
Small Business Expensing Provision <i>Source: House Republican Leadership Estimate (1)</i>	4.9
Raise Estate & Gift Tax Exclusion <i>Source: House Republican Leadership Estimate (1)</i>	9.1
Restore Tax Deduction for Home Office Expenses <i>Source: House Republican Leadership Estimate (1)</i>	0.8
Reduce Congressional Staff by One-Third <i>Source: House Republican Leadership Estimate (1)</i>	0.1
COST	1,622.3
Savings from "Examples of Possible Offsets" <i>Source: House Republican Leadership Estimate (1)</i>	<u>-309.5</u>
NET COST	\$1.3128 Trillion

- (1) Estimates based on the House Republican Leadership numbers assume that the cost over seven years equals 7/5 (140%) of the five-year cost.
- (2) The IRA and Neutral Cost Recovery proposals are both listed by the Republicans as tax increases, totalling \$24.2 billion. In fact, CRS analysis shows that the cost of the Super IRA would be \$8 billion per year once fully implemented. The NCR proposal has also been projected by CRS as costing money. In light of these differences, we have calculated both proposals as cost neutral over the first 5 years and estimate the outyear cost on these objective analyses.



FOR IMMEDIATE RELEASE
Tuesday, September 27, 1994

CONTACT: ANNE GAVIN
(202) 863-8550
BARRY JACKSON
(202) 479-7095

REPUBLICANS SIGN HISTORIC "CONTRACT WITH AMERICA"

Honesty and accountability watchwords for 10-Point GOP legislative agenda

Washington, D.C. — Over 300 Republican challengers and incumbents gathered today on the steps of the United States Capitol Building and pledged their commitment to bring to a vote in the House of Representatives a series of Congressional reforms and 10 specific legislative proposals to cut federal spending, reduce taxes and get the government off the backs of the American people.

Republican challengers and incumbents were joined by House Minority Whip Newt Gingrich, House Republican Conference Chairman Dick Armey and NRCC Chairman Bill Paxton in calling for a new Republican agenda of reform, respect, responsibility and renewal.

"Give us majority control of the House of Representatives for the first time in four decades and we promise real congressional reform, respect for the people we represent and renewal of the American Dream that each day seems to slip further from the grasp of too many families, said Texas Congressman Dick Armey.

"If you want 40 more years of the same big government, high tax agenda brought to you courtesy of the Democrat-controlled Congress then stick with the status quo. However, if you want to reclaim your government from special interests and those vested in that status quo then Republicans offer a specific, written contract designed to take back the Congress by changing the way Congress does business. The "Republican Contract with America" calls for Congress to be held accountable to the people it serves. If the terms of our contract are not met, then throw us out!" said House Minority Whip Newt Gingrich.

The "Contract with America" pledges to bring to a vote 10 common-sense legislative reforms including a Balanced Budget Amendment, real welfare reform, family and middle class tax cuts, economic growth and regulatory reform, and term limits. The "Contract" also pledges that a Republican House of Representatives will force Congress to live under the same laws as every other American, cut one out of every three congressional committee staffers and cut the congressional budget.



A PROJECT OF THE REPUBLICAN NATIONAL COMMITTEE
310 First Street, S.E., Washington, D.C. 20003
(202) 479-7095 FAX: (202) 479-0187

Paid for by the Republican National Committee. Not printed at taxpayer expense.

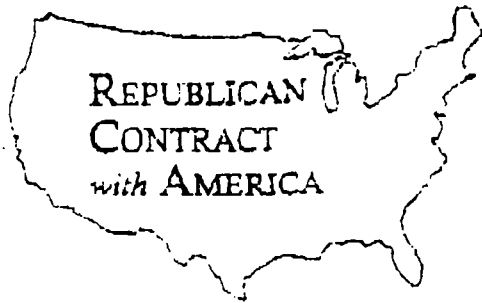
- MORE -

"Republicans come together today not to make promises but to sign a written contract that gives the American people a real and serious platform on which to judge congressional candidates this fall -- not on their words but on their actions," said NRCC Chair Bill Paxton.

"The American people are demanding leadership, accountability and honesty from its elected representatives. Our "Contract with America" recognizes the limits of government and the unlimited contribution of husbands and wives, mothers and fathers, children and grandparents in a safe and prosperous America. Our "Contract" clearly spells out what Republicans are for and the commitment we are willing to make to cut the size and scope of government and restore accountability to the political process," said Arney.

COPIES OF THE ACTUAL BILL LANGUAGE REFERRED TO IN THE "REPUBLICAN CONTRACT WITH AMERICA'S" CAN BE PICKED UP IN ROOM 1618 OF THE LONGWORTH HOUSE OFFICE BUILDING TUESDAY, SEPTEMBER 27TH AT NOON.

####



Contract with America

schedule of events & speakers

10:00 AM — MEDIA CREDENTIALS OPEN

Press Packets Available

LOCATION: West Front, Lower Terrace, South Side
Bottom of House Steps

CONTACTS

Keith Appell, Greg Mueller 703-683-5004

10:15 CANDIDATES SIGN CONTRACT WITH AMERICA

11:00 REPUBLICAN HOUSE MEMBERS ASSEMBLE

TOP OF CAPITOL STEPS

LOCATION: Capitol Steps, West Front, House Side

11:15 CONTRACT WITH AMERICA -- CAPITOL STEPS

Speakers: Rep. Bob Michel
Rep. Ileana Ros-Lehtinen
Rep. Henry Hyde
Rep. Dick Armey
Rep. Bill Paxon

The following candidates will then present the ten legislative proposals of the Contract. Those candidates marked with an "*" will be speaking.



A PROJECT OF THE REPUBLICAN NATIONAL COMMITTEE
310 First Street, S.E., Washington, D.C. 20003
(202) 479-7095 FAX: (202) 479-0187

Printed by the Republican National Committee. Not printed at taxpayer expense.

Fiscal Responsibility Act

Ed Munster CT-2

Mark Neumann WI-1

*Bob Moppert NY-26

Taking Back Our Streets Act

Frank Riggs CA-1

*Megan O'Neill MI-9

Kenny Hulshof MO-9

Personal Responsibility Act

Roger Wicker MS-1

Andrea Seastrand CA-22

*Steve Chabot OH-1

Family Reinforcement Act

*Jean Leising IN-9

John Pappageorge MI-12

Tim LaFever CA-3

American Dream Restoration Act

*Linda Smith WA-3

Jon Christensen NE-2

Tad Jude MN-6

National Security Restoration Act

Orson Swindle HI-1

*Saxby Chambliss GA-8

Walter Jones NC-3

Senior Citizens Fairness Act

*Bobby Ortiz TX-18

J.D. Hayworth AZ-6

Enid Greene Waldholtz UT-2

Job Creation & Enhancement Act

*Ron Freeman MO-6
Barbara Cubin WY-AL
Rick White WA-1

Citizen Legislature Act

*Jim Deats TX-14
Kevin Vigilante RI-1
Mary Alice Acevado CA-50

Common Sense Legal Reform Act

*Jo Bayler TX-10
Greg Ganske IA-4
David McIntosh IN-2

11:55

CONCLUSION

Speaker: Rep. Newt Gingrich

12:00

NATIONAL MEDIA AVAILABILITY

Location: Front of stage

Reps. Gingrich, Arney, Paxon, Kasich

12:25

REGIONAL MEDIA AVAILABILITY

LOCATION: Southwest Front

CONTACTS:

Rovers: Melissa Sabatine, Pat White, Trish Brink

Midwest: Jon Brandt

Northeast: John Czwartacki

South: Brian Sansoni

South Central: Allison Griffin

REGIONALS:

Location: Southwest Front

Contacts: Greg Mueller, Keith Appell

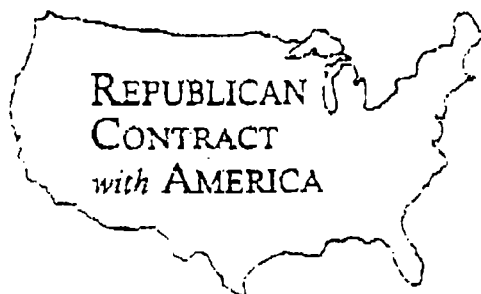
(703) 683-5004

NATIONALS:

Location: West Front, Lower Terrace

Contacts: Ann Gavin, RNC

(202) 863-8550



Republican Contract with America ...

A Campaign Promise Is One Thing. A Signed Contract Is Quite Another.

Purpose

Why will more than 300 Republican House candidates and members stand at the steps of the U.S. Capitol on September 27 to offer a "Contract with America?"

As public confidence in Congress and other institutions reaches an all time low, we must restore the fabric of trust between the American people and their officeholders. There is a feeling among voters that elected officials are not held accountable to the same rules as everyone else and do not understand their frustration with a political process that doesn't work for them. The "Contract with America" is a way to repair this disconnect.

House Republican candidates and members have produced a bold, common sense agenda that offers real change. It forces the House of Representatives to operate under the same rules and budget constraints of businesses and households. It proposes ten solid pieces of legislation to limit and hold government accountable; to promote economic opportunity and individual responsibility for families and businesses; and to maintain security both at home and abroad.

"Contract with America" is an agreement and a covenant between Republican House candidates and the people of their district, state, and nation. Through the "Contract," when Republicans become the majority in the House of Representatives, they will have a blueprint for action. It allows the American people, with whom we have sought a common bond in putting the "Contract" forward, to hold their elected candidates responsible.

The "Contract" puts in writing what our candidates stand for, what they will do individually, and what a House Republican majority will accomplish when entrusted with power from the people to act on their behalf. It is more than the endless stream of promises that have come from candidates of all parties since the beginning of our Democracy. It is a signed "Contract." Each candidate who puts their name on the dotted line will carry with them a responsibility to and the trust of the people.



A PROJECT OF THE REPUBLICAN NATIONAL COMMITTEE
310 First Street, S.E., Washington, D.C. 20003
(202) 479-7095 FAX (202) 479-0187

Fund for the Republican National Committee. Not created at taxpayer expense.

At the steps of the U.S. Capitol on September 27 Republican House candidates and members will sign and seal the "Contract with America." Beginning on the first day of the 104th Congress, a Republican House majority will deliver.

Origins of the "Contract"

How was the idea of a "Republican Contract with America" developed?

In February of this year House Republicans gathered in Salisbury, Maryland, for a special conference. They talked about their role and purpose in governing *with the people* in the U.S. House of Representatives. From those discussions they agreed upon five principles they shared as House Republicans.

Principles

Individual Liberty
Economic Opportunity
Limited Government
Personal Responsibility
Security - Home and Abroad

Based on those principles House Republicans then outlined a vision for America's future and the role of government.

Vision

Renew the American Dream by promoting individual liberty, economic opportunity and personal responsibility, through limited and effective government, high standards of performance and an America strong enough to defend all her citizens against violence at home or abroad.

The principles and vision determined the mission of House Republicans.

Mission

As House Republicans we will work together to offer representative governance, and to communicate our vision of America through clearly defined themes, programs and legislative initiatives to earn us the honor of becoming the Majority party in 1995.

"Republican Contract with America" evolved from the Salisbury conference and is the project to fulfill the mission as defined by House Republicans. During the past months House Republicans have worked together with Republican candidates nationwide in developing the agenda to create the "Contract."

Strategy and Tactics

How will "Contract with America" be shared with and communicated to the voters?

House Republicans, the Republican National Committee, and the National Republican Congressional Committee have joined forces to communicate in a unified manner the themes of "Republican Contract with America." These efforts extend beyond the September 27 U.S. Capitol Steps event.

The Republican campaign committees have established an operation that is implementing an aggressive communications strategy at the national, state and local levels. A command center is coordinating all logistics and media activity encompassing "Republican Contract with America."

During the weeks following the September 27 Capitol Steps event, elected officials and candidates from across the country will hold similar events at the state and local levels. On October 4, Governors, Gubernatorial candidates, state parties and legislators will take the lead in offering "Contracts" to the people of their state. On October 11, many county, city, and township officials and candidates will as well present their constituents with a "Contract." Former Delaware Governor Pete du Pont is chair of the state and local events.

Republican party leaders, candidates, elected officials, and allies across the country are playing an integral role in this national campaign to help people understand and give them a reason to care about "Republican Contract with America."

Above the Law?

Congress is partially or fully exempt from the following laws:

National Labor Relations Act
Fair Labor Standards Act
Title VII of the 1964 Civil Rights Act
Age Discrimination in Employment Act
Occupational Safety & Health Act
Rehabilitation Act
Employee Retirement Income Security Act
Civil Service Reform Act
Americans With Disabilities Act
Family and Medical Leave Act

Congress is Out of Touch

Because members of Congress don't comply fully with these laws, they don't understand how the laws are applied in the private sector.

Though many employment laws are well intended, they often overlap or even conflict with each other. They also result in substantial costs to private sector employers.

Congress Should be Covered by the Laws

Congress would pass better laws if they had to live under them. They would be more receptive to Main Street concerns in applying the laws. They would have a greater appreciation of the costs imposed by the laws. And they would be more receptive to changes needed in the laws.

The Congressional Accountability Act Would Cover Congress

The Congressional Accountability Act would apply the major employment laws to Congress. The bill passed the House by a vote of 427-4, but it may now die in the Senate.

Call Your Senator Today!

Tell your Senator you support S. 2071, the Congressional Accountability Act. Your action will make the difference between a Congress that lives by the laws it passes and a Congress that is **Above the Law**.

Call your Senator today!

☎ 202-224-3121 ☎

REPUBLICANS HAVE A PROVEN TRACK RECORD OF CUTTING SPENDING**EXAMPLES OF POSSIBLE OFFSETS FOR CONTRACT WITH AMERICA**

Taken from Republican FY 1994 & 1995 Budgets

(\$'S IN BILLIONS)

TITLE	TOTAL 5 YR SAVINGS
Reform Foreign Agricultural Trade Service	-0.033
Reduce Agriculture Research Service	-0.830
Reform Farmers Home Administration	-0.423
Eliminate Travel and Tourism Admin. and Trade Promotion Activities of ITA	-1.177
Eliminate SBA Guarantees	-0.142
Repeal Transitional Expenses of the Post Office	-0.200
Consolidate Economic Development Funds into a Single Block Grant	-2.260
Reduce Spending for the High Performance Computing Program	-1.230
Cut Public Telecommunications Facilities Program	-0.065
Eliminate the Advanced Technology Program	-0.810
Eliminate the Interstate Commerce Commission	-0.186
Repeal Davis Bacon	-3.085
Successorship Provisions in Federal Service Contracts Paperwork	-1.060
Reduce Operating Subsidy for Amtrak and the NE Corridor improvements	-2.840
Coastal Air Traffic Control Construction Program	-0.516
Reduce Arts and Humanities	-0.631
Convert Campus Based Aid	-2.870
Reduce the Overhead Rate on Federally Sponsored University Research	-1.820
Eliminate the Administrative Conference of the United States	-0.010
Moratorium on Construction and Acquisition of New Federal Buildings	-1.576
Reduce Funds for House Franking	-0.043
15% Reduction in the Executive Office of the President	-0.244
Reduce the President's Investment Spending	-4.051
Replace Dollar Bills with Dollar Coins	-0.112
Cap SES Accrued Leave	-0.068
Reduce the Number of Political Appointees	-0.355
SUBTOTAL DISCRETIONARY REDUCTIONS (EXCL OVERHEAD)	-55.357
SUBTOTAL GENERAL OVERHEAD REDUCTIONS	-28.009
TOTAL DISCRETIONARY	-113.366
TOTAL REDUCTIONS	-178.085

REPUBLICANS HAVE A PROVEN TRACK RECORD OF CUTTING SPENDING**EXAMPLES OF POSSIBLE OFFSETS FOR CONTRACT WITH AMERICA**

Taken from Republican FY 1994 & 1995 Budgets

(75 IN BILLIONS)

TITLE	TOTAL 5 YR SAVINGS
Assume Control of Hatch Hatchy	-0.125
Reduce the Loan Guarantees Under the USDA's Export Credit Programs	-1.100
Student Loan Interest Accrual	-8.560
Reform Financing of Future Federal Retiree Health Benefits (No Benefit Cuts Required)	-11.550
Managed Care for Medicaid	-10.000
20% Coinsurance for Clinical Lab Services	-6.178
Require Wealthy Medicare Recipients to Pay Higher Part B Premiums	-7.350
Require Wealthy Medicare Recipients to Pay Higher Part A Deductibles	-1.650
Reduce Indirect Teaching Adjustment to 3%	-13.453
Eliminate Medicare Payments to Hospitals for Enrollees Bad Debt	-1.753
SUBTOTAL MANDATORY REDUCTIONS	-82.719
Restructure P.L. 480 (Food for Peace)	-3.020
Reduce Assistance for Eastern Europe and Former Soviet Union	-3.481
Reduce Ex-Im Bank's Credit Assistance	-1.380
Restructure the State Department	-1.160
Restructure the Agency for International Development (AID)	-1.910
Reform Multilateral Development Banks (excluding IDA)	-0.705
Reform the International Development Association (IDA)	-1.683
Freeze the Peace Corps	-0.088
Freeze International Security Assistance	-1.870
Reduce International Peacekeeping	-0.782
Reduce Contributions to International Organizations	-0.573
Reduce Educational and Cultural Exchange Programs	-0.278
Limit Rate of Growth for the National Science Foundation	-0.346
Restructure the Naval Petroleum Reserves (Elk Hills)	-0.143
Reduce Funding for Energy Technology Development	-2.138
Net Purchases of Oil for Strategic Petroleum Reserve	-0.362
Consolidate Other Agencies into Federal Land Management	-3.228
Abolish Bureau of Mines	-0.872
Sell Helium Processing and Storage Facility	-0.018
Abolish Geological Survey	-3.281
Abolish National Biological Survey	-0.139
Downsize Minerals Management Service	-0.465
Restructure Bureau of Reclamation	-0.427
Reform Bureau of Indian Affairs	-0.215
Impose a Moratorium on Land Purchases	-1.068
Improve Forest Management Efficiency	-0.155
Freeze Funding for National Oceanic and Atmospheric Admin. (NOAA)	-0.805
De-Emphasize Permanence in Superfund Clean-ups	-1.140
Eliminate Funding for John F. Kennedy Center for the Performing Arts	-0.102
Reduce Funding for Resource Conservation and Development	-0.610
Restructure Non-Farm Service Agencies	-0.535
Reduce Funding for Cooperative State Research Service	-0.331
Extension Service Refocus	-0.808

09-22-94 09:57 PM FROM REPUBLICAN BUDGET

#001

Cost Estimates for "Contract with America"

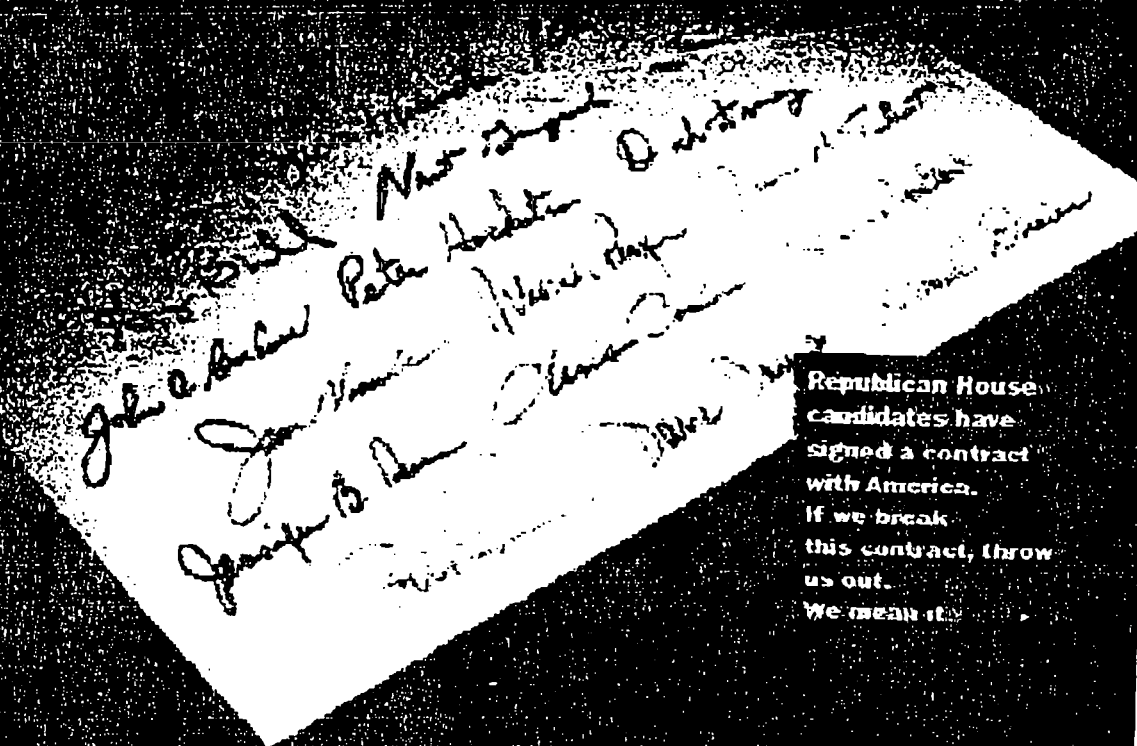
(B in billions)

	5 Year Total
1. Balanced Budget Amendment/Line Item Veto	NO COST
2. Detering Crime	
Reduce Social Spending in Crime Bill	-5.0
3. Welfare Reform (Personal Responsibility)	-40.0
4. Reinforcing Families	
Tax Incentives for Adoption	0.9
Dependent Care Tax Credit for Seniors	6.0
TOTAL, REINFORCING FAMILIES	6.900
5. American Family Tax Relief	
\$500 per-child Tax Credit	107.0
Modify the Marriage Penalty	10.0
American Dream Savings Account (Super IRA)	-4.7
TOTAL, FAMILY TAX CUTS	112.300
6. Strengthen Defense	NO COST
7. Senior Citizens' Reforms	
Raise Social Security Earnings Limit to \$30,000	6.5
Phase-Out Clinton Social Security Tax Increases	17.0
Tax Incentives for Private Long-Term Care Insurance	1.3
Total, Senior Citizens' Reforms	24.8
8. Economic Growth/Regulatory Reforms	
Cut Capital Gains Rates/Reduce to Inflation	58.0
Neutral Cost Recovery	-19.5
Small Business Expensing Provision	3.5
Regulatory Budget	-0.8
Raise Estate & Gift Tax Exclusion	6.5
Restore Tax Deduction for Home Office Expenses	0.5
Total, Economic Growth/Regulatory Reform	46.5
9. Common Sense Legal Reforms	NO COST
10. Term Limits	NO COST
11. Reduce Congressional Staff by One-Third	0.1
TOTAL	147.9

* Due to the interaction of these two provisions, the total revenue loss is overstated. Therefore, the total cost of the Contract is lower than indicated on this chart.

A campaign
promise
is one thing.
A signed contract
is quite another.

Bind Edge trim off 3/16"



Republican House
candidates have
signed a contract
with America.
If we break
this contract, throw
us out.
We mean it.

That's why Republican House candidates have pledged, in writing, to vote on these 10 common-sense reforms.

Contract with America

We've listened to your concerns, and we hear you loud and clear.

On the first day of Congress, a **Republican House** will:

- Force Congress to live under the same laws as every other American
- Cut one out of every three congressional committee staffers
- Cut the congressional budget

Then, in the first 100 days, we will vote on the following 10 bills:

1. **Balanced budget amendment and line-item veto:** It's time to force the government to live within its means and to restore accountability to the budget in Washington.
2. **Stop violent criminals:** Let's get tough with an effective, believable and timely death penalty for violent offenders. Let's also reduce crime by building more prisons, making sentences longer and putting more police on the streets.
3. **Welfare reform:** The government should encourage people to work, *not* to have children out of wedlock.
4. **Protect our kids:** We must strengthen families by giving parents greater control over education, enforcing child support payments and getting tough on child pornography.
5. **Tax cuts for families:** Let's make it easier to achieve the American Dream, save money, buy a home and send the kids to college.
6. **Strong national defense:** We need to ensure a strong national defense by restoring the essential parts of our national security funding.
7. **Raise the senior citizens' earning limit:** We can put an end to government age discrimination that discourages seniors from working if they choose.
8. **Roll back government regulations:** Let's slash regulations that strangle small businesses, and let's make it easier for people to invest in order to create jobs and increase wages.
9. **Common-sense legal reform:** We can finally stop excessive legal claims, frivolous lawsuits and overzealous lawyers.
10. **Congressional term limits:** Let's replace career politicians with citizen legislators. After all, politics shouldn't be a lifetime job.

After these 10 bills, we'll tackle issues such as common-sense health care reform, tax rate reductions and improvements in our children's education.

Call 800-742-2662 to get your copy of the contract.

If we break this contract, throw us out. We mean it.

Contract With America

As Republican Members of the House of Representatives and as citizens seeking to join that body we propose not just to change its policies, but even more important, to restore the bonds of trust between the people and their elected representatives.

That is why, in this era of official evasion and posturing, we offer instead a detailed agenda for national renewal, a written commitment with no fine print.

This year's election offers the chance, after four decades of one-party control, to bring to the House a new majority that will transform the way Congress works. That historic change would be the end of government that is too big, too intrusive, and too easy with the public's money. It can be the beginning of a Congress that respects the values and shares the faith of the American family.

Like Lincoln, our first Republican president, we intend to act "with firmness in the right, as God gives us to see the right." To restore accountability to Congress. To end its cycle of scandal and disgrace. To make us all proud again of the way free people govern themselves.

On the first day of the 104th Congress, the new Republican majority will immediately pass the following major reforms, aimed at restoring the faith and trust of the American people in their government:

FIRST, require all laws that apply to the rest of the country also apply equally to the Congress;

SECOND, select a major, independent auditing firm to conduct a comprehensive audit of Congress for waste, fraud or abuse;

THIRD, cut the number of House committees, and cut committee staff by one-third;

FOURTH, limit the terms of all committee chairs;

FIFTH, ban the casting of proxy votes in committee;

SIXTH, require committee meetings to be open to the public;

SEVENTH, require a three-fifths majority vote to pass a tax increase;

Contract with America

EIGHTH, guarantee an honest accounting of our Federal Budget by implementing zero base-line budgeting.

Thereafter, within the first 100 days of the 104th Congress, we shall bring to the House Floor the following bills, each to be given full and open debate, each to be given a clear and fair vote and each to be immediately available this day for public inspection and scrutiny.

1. THE FISCAL RESPONSIBILITY ACT

A balanced budget/tax limitation amendment and a legislative line-item veto to restore fiscal responsibility to an out-of-control Congress, requiring them to live under the same budget constraints as families and businesses.

2. THE TAKING BACK OUR STREETS ACT

An anti-crime package including stronger truth-in-sentencing, "good faith" exclusionary rule exemptions, effective death penalty provisions, and cuts in social spending from this summer's "crime" bill to fund prison construction and additional law enforcement to keep people secure in their neighborhoods and kids safe in their schools.

3. THE PERSONAL RESPONSIBILITY ACT

Discourage illegitimacy and teen pregnancy by prohibiting welfare to minor mothers and denying increased AFDC for additional children while on welfare, cut spending for welfare programs, and enact a tough two-years-and-out provision with work requirements to promote individual responsibility.

4. THE FAMILY REINFORCEMENT ACT

Child support enforcement, tax incentives for adoption, strengthening rights of parents in their children's education, stronger child pornography laws, and an elderly dependent care tax credit to reinforce the central role of families in American society.

Contract with America

5. THE AMERICAN DREAM RESTORATION ACT

A \$500 per child tax credit, begin repeal of the marriage tax penalty, and creation of American Dream Savings Accounts to provide middle class tax relief.

6. THE NATIONAL SECURITY RESTORATION ACT

No U.S. troops under U.N. command and restoration of the essential parts of our national security funding to strengthen our national defense and maintain our credibility around the world.

7. THE SENIOR CITIZENS FAIRNESS ACT

Raise the Social Security earnings limit which currently forces seniors out of the work force, repeal the 1993 tax hikes on Social Security benefits and provide tax incentives for private long-term care insurance to let Older Americans keep more of what they have earned over the years.

8. THE JOB CREATION AND WAGE ENHANCEMENT ACT

Small business incentives, capital gains cut and indexation, neutral cost recovery, risk assessment/cost-benefit analysis, strengthening the Regulatory Flexibility Act and unfunded mandate reform to create jobs and raise worker wages.

9. THE COMMON SENSE LEGAL REFORM ACT

"Loser pays" laws, reasonable limits on punitive damages and reform of product liability laws to stem the endless tide of litigation.

10. THE CITIZEN LEGISLATURE ACT

A first-ever vote on term limits to replace career politicians with citizen legislators.

Contract with America

Further, we will instruct the House Budget Committee to report to the floor and we will work to enact additional budget savings, beyond the budget cuts specifically included in the legislation described above, to ensure that the Federal budget deficit will be *less* than it would have been without the enactment of these bills.

Respecting the judgment of our fellow citizens as we seek their mandate for reform, we hereby pledge our names to this Contract with America.

Name

State/District

September 27, 1994

Contact: Ed Gillespie
202/225-5107

**Contract with America Speech
Rep. Dick Armey**

Today we enter a new era in American government. Today, one political party is listening to the concerns of the American people and responding with specific legislation. We are united here today -- over 150 current Members of the House and over 200 candidates -- united in the belief that "the people's House" must be wrested from the grip of special interest groups and handed back to the people. Americans today are cynical. They are tired of broken promises, tired of being misled, tired of "spin" from a White House that seems to govern on the principle that you can fool all of the people some of the time.

Through the lenses of C-SPAN's cameras, Americans are dismayed by the sight of a revered institution corrupted by absolute power, a House of Representatives that now routinely stifles free and open debate, cobbles together thousand-page bills behind closed doors, refuses to live by the laws it imposes on everyone else, and -- most damaging -- has adopted as its central philosophy the belief that ordinary people can not be trusted to spend their own money and make their own decisions.

If the American people are willing to let us, we're willing to change all that.

Today, we Republicans are signing a "Contract with America." We pledge ourselves, in writing, to a new agenda of reform, respect, and renewal: Reform of Congress and other government institutions. Respect for the people we serve and represent. And renewal of the American Dream that each day seems to slip further from the grasp of too many families.

We make this explicit offer: Give us majority control of the House of Representatives for the first time in four decades and we will bring to the House floor on the first day real Congressional Reforms. In the first 100 days, we will bring to a vote ten bills that would have an immediate and real impact in the lives of ordinary Americans.

We will bring all these bills to the floor for an up or down vote, with open and fair debate, where everyone's views are heard as we embark on a new direction for Congress and a new partnership with the American people.

We put these bills in a contract so people can hold us accountable -- and there's an enforcement clause. We explicitly state, "If you give us control and we don't do what we say, throw us out." We mean it, and we take it as an article of faith that the American people will mean it, too.

Our Contract with America agenda was put together by everyone you see here today, working together to draft common sense legislation to address the many real problems where government can play a proper role. The ten bills that make up our Contract with America are available now, in full legislative language. Unlike the current Ruling Party in Congress that routinely forces us to vote on thousand-page bills without a chance to read them, we are not afraid to subject our work to the purifying light of day. We are making a Contract today to run Congress in the open, with the full participation of the American people - if they give us the opportunity.

Our Contract with America is just the opening one hundred days of accountable government. The Contract is not the answer to every problem facing America today. It is an honest beginning, and an effort to invest this election with some positive meaning, because running solely against an unpopular president would only deepen the public's cynicism.

Winston Churchill once said, "Americans always do the right thing... after they have exhausted every other possibility." After 40 years of uninterrupted control, the Democrats have exhausted every other possibility, and it is time for the Republican party to accept the role of leadership the American people are demanding. Today we pledge to begin by bringing relief to the average family, which now pays more in taxes than food, shelter and clothing combined; cutting the size and influence of the federal government; and restoring accountability to the political process.

In short, we propose to cede back power from the hallowed halls of Congress to the more hallowed kitchen tables of America, where night after night families bow their heads in thanks and make decisions about education, charity, jobs, spending, debt, and values with a wisdom and compassion that no number of agency heads, cabinet secretaries or members of congress could ever match. Our Contract recognizes the limits of government and the unlimited contribution of husbands and wives, mothers and fathers, children and grandparents in a safe and prosperous America.

It is now my pleasure to introduce Congressman Bill Paxton of New York, who chairs the National Republican Congressional Committee. Bill made sure that candidates had as much input in this document as sitting members, and he is largely responsible for the prospect of electing the first Republican House majority in 40 years.

BOB MOPPERT**BALANCED BUDGET AMENDMENT**

I AM PROUD TO STAND BEFORE YOU TODAY TO PRESENT OUR CONTRACT WITH AMERICA. FOR YOU SEE, THIS IS NO ORDINARY POLITICAL DOCUMENT. THIS CONTRACT IS UNIQUE IN AMERICAN HISTORY. IT WAS NOT WRITTEN BY SPECIAL INTERESTS OR THE LOBBYISTS--IT WAS NOT PUSHED UPON US BY THE NATIONAL LEADERSHIP. NO, CONTRACT WITH AMERICA WAS CREATED BY ALL OF US - INDIVIDUALLY AND TOGETHER. WE HEARD WHAT OUR VOTERS WERE SAYING AND WE HAVE CHOSEN TO ACT ON IT. WE ARE READY TO PROVE THAT BUSINESS AS USUAL IN WASHINGTON JUST WON'T DO. IT'S TIME TO RETURN GOVERNMENT TO THE PEOPLE.

ISN'T IT TIME WE HOLD CONGRESS ACCOUNTABLE FOR HOW MUCH THEY SPEND - AND FOR WHAT? [PAUSE]

THE AMERICAN PEOPLE DEMAND RESPONSIBILITY FROM CONGRESS. THE SPENDING MADNESS MUST STOP. OUR CONTRACT WITH AMERICA BEGINS WITH FISCAL RESPONSIBILITY. JUST AS EVERY AMERICAN SITS AT THE KITCHEN TABLE AND BALANCES THEIR BUDGET, JUST AS EVERY SMALL BUSINESS MUST BALANCE ITS BUDGET, CONGRESS MUST BEGIN BALANCING OUR NATION'S BUDGET. NOW. THAT'S WHY IN THE FIRST HUNDRED DAYS OF A REPUBLICAN HOUSE WE WILL VOTE ON THE FISCAL RESPONSIBILITY ACT.

2

OUR CONTRACT WITH AMERICA CALLS FOR A BALANCED BUDGET AMENDMENT TO THE CONSTITUTION. AND TO KEEP CONGRESS FROM PASSING THE BILL TO YOU. OUR BALANCED BUDGET AMENDMENT REQUIRES A THREE-FIFTHS VOTE TO RAISE TAXES.

~~AND TO INCREASE ACCOUNTABILITY FOR THE BUDGET,~~ OUR CONTRACT CALLS FOR A LINE ITEM VETO, TO GIVE THE PRESIDENT – REPUBLICAN OR DEMOCRAT – THE AUTHORITY TO CUT WASTEFUL PORK BARREL SPENDING.

BALANCING THE BUDGET WILL NOT BE EASY. IT WILL REQUIRE A FUNDAMENTAL RESTRUCTURING OF GOVERNMENT. WE BELIEVE THE AMERICAN PEOPLE ARE READY FOR GOVERNMENT THAT DOES LESS OF THE WRONG THINGS, BUT DOES THE RIGHT THINGS WELL.

THE BALANCED BUDGET AMENDMENT IS SUPPORTED BY EIGHTY PERCENT OF THE AMERICAN PEOPLE. AS THE RULING PARTY IN CONGRESS HAS IGNORED THE PEOPLE ON MOST ISSUES, IT HAS IGNORED THEM ON SPENDING AS WELL. BY TWISTING ARMS TO BLOCK THE BALANCED BUDGET AMENDMENT, THE RULING PARTY HAS PROTECTED ITS IRRESPONSIBLE TAX AND SPEND POLICIES THAT HAVE WEAKENED THIS GREAT NATION.

WITH THE HELP OF THE AMERICAN PEOPLE, WE WILL PUT OUR FISCAL HOUSE IN ORDER.

5

MEGAN O'NEILL

CRIME

ISN'T AN ESSENTIAL PART OF THE AMERICAN DREAM THE FREEDOM
FROM FEAR? [PAUSE]

THE AMERICAN DREAM CANNOT SURVIVE WITHOUT SAFETY AND
SECURITY FOR INDIVIDUAL AMERICANS – FOR ALL OF YOU. WHEN OUR
CHILDREN ARE AFRAID TO GO TO SCHOOL, WHEN HUSBANDS AND WIVES ARE
AFRAID TO WALK TO THE GROCERY STORE, AND WHEN SOCIETY AS A WHOLE
IS BEING THREATENED, GOVERNMENT MUST MEET ITS RESPONSIBILITY TO
PROTECT OUR STREETS, OUR SCHOOLS, AND OUR NEIGHBORHOODS.

OUR CONTRACT WITH AMERICA CALLS FOR TOUGH PUNISHMENT FOR
THOSE WHO PREY ON SOCIETY. FOR TOO LONG, WASHINGTON HAS
REFUSED TO GET TOUGH – AND EVEN WHEN THEY SOUND TOUGH, THERE
ARE ALWAYS LOOPHOLES THAT FAVOR THE CRIMINAL, NOT THE VICTIMS.

OUR CONTRACT WILL MAKE THE DEATH PENALTY REAL – NO MORE
ENDLESS APPEALS.

WE WILL CUT THE "PORK" IN THE RECENTLY PASSED CRIME BILL IN
ORDER TO BUILD REAL PRISONS, AND WE WILL REQUIRE CRIMINALS TO
SERVE THEIR SENTENCES, NOT HAVE THEM BACK ON THE STREET TO

TERRORIZE AGAIN AND AGAIN. AND TO MAKE CRIMINALS MORE ACCOUNTABLE, WE WILL FORCE THEM TO PAY FULL RESTITUTION TO THEIR VICTIMS OR THE VICTIMS' FAMILIES.

AND TO THOSE WHO COMMIT FELONIES WITH GUNS, LET ME PARTICULARLY CLEAR: WE WILL REQUIRE TEN YEARS IN JAIL, MINIMUM, NO EXCEPTIONS.

WE CALL THIS BILL THE "TAKING BACK OUR STREETS ACT," AND IT WILL BE VOTED ON IN THE FIRST HUNDRED DAYS OF A REPUBLICAN HOUSE. ITS TIME ALL OF US FELT SAFE AND SECURE ONCE AGAIN.

5

STEVE CHABOT**WELFARE REFORM**

ISN'T IT TIME FOR THE GOVERNMENT TO ENGAGE
THAN REWARDING DEPENDENCY? (PAUSE)

~~THE GREAT SOCIETY HAS HAD THE UNINTENDED CONSEQUENCE OF~~
SNARING MILLIONS OF AMERICANS INTO THE WELFARE TRAP. GOVERNMENT
PROGRAMS DESIGNED TO GIVE A HELPING HAND TO THE NEEDIEST OF
AMERICANS HAVE INSTEAD BRED ILLEGITIMACY, CRIME, ILLITERACY, AND
MORE POVERTY. OUR CONTRACT WILL CHANGE THIS DESTRUCTIVE SOCIAL
BEHAVIOR BY REQUIRING WELFARE RECIPIENTS TO TAKE PERSONAL
RESPONSIBILITY FOR THE DECISIONS THEY MAKE.

OUR CONTRACT WILL ACHIEVE WHAT SOME 30 YEARS OF MASSIVE
WELFARE SPENDING HAS NOT BEEN ABLE TO ACCOMPLISH: WE MUST
REDUCE ILLEGITIMACY, REQUIRE WORK, AND SAVE TAXPAYERS' MONEY.

TO REVERSE SKYROCKETING OUT-OF-WEDLOCK BIRTHS THAT ARE
RIPPING APART OUR NATION'S SOCIAL FABRIC, WE PROVIDE NO WELFARE TO
TEENAGE PARENTS AND WE REQUIRE THAT PATERNITY AND RESPONSIBILITY
BE ESTABLISHED IN ALL ILLEGITIMATE BIRTHS WHERE WELFARE IS SOUGHT.

TO ENSURE THAT WELFARE OFFERS A HELPING HAND RATHER THAN A HANDOUT, WE REQUIRE THAT WELFARE BENEFICIARIES WORK SO THEY CAN DEVELOP THE PRIDE AND SELF SUFFICIENCY THAT COMES FROM HOLDING A PRODUCTIVE JOB.

WE ARE PLEDGING TRULY TO "END WELFARE AS WE KNOW IT."

AMERICA CAN STILL BE THE LAND OF OPPORTUNITY FOR ALL AMERICANS. BUT TO SUCCEED, WE MUST MAKE A BREAK FROM THE FAILED WELFARE POLICIES OF THE PAST. WITHIN THE FIRST HUNDRED DAYS OF A REPUBLICAN CONGRESS WE WILL DO JUST THAT BY VOTING ON THE PERSONAL RESPONSIBILITY ACT.

JEAN LEISING**STRONG FAMILIES AND CHILDREN**

**SHOULDN'T WE DO MORE TO PROTECT AND STRENGTHEN THE
AMERICAN FAMILY? [PAUSE]**

**THE AMERICAN FAMILY IS AT THE VERY HEART OF OUR SOCIETY. IT IS
THROUGH THE FAMILY THAT WE LEARN VALUES LIKE RESPONSIBILITY,
MORALITY, COMMITMENT, AND FAITH. TODAY IT SEEMS THE VALUES OF THE
FAMILY ARE UNDER ATTACK FROM ALL SIDES – FROM THE MEDIA, FROM THE
EDUCATION ESTABLISHMENT, FROM BIG GOVERNMENT.**

**OUR FAMILY REINFORCEMENT ACT IS PRO-FAMILY BECAUSE IT
RECOGNIZES THE VALUE OF FAMILIES. WE WILL STRENGTHEN THE RIGHTS
OF PARENTS TO PROTECT THEIR CHILDREN AGAINST EDUCATION PROGRAMS
THAT UNDERMINE THE VALUES TAUGHT IN THE HOME.**

**WE WILL CRACK DOWN ON DEADBEAT PARENTS WHO AVOID CHILD
SUPPORT PAYMENTS. PAY UP, OR BE FORCED TO WORK BY THE STATE.**

**OUR CONTRACT PROTECTS CHILDREN BY INCREASING THE PENALTIES
FOR ASSAULTS AGAINST CHILDREN AND BY GETTING TOUGH ON CHILD
PORNOGRAPHY.**

8

WE WILL ENCOURAGE ADOPTION BY PROVIDING A TAX CREDIT TO
ASSIST FAMILIES WITH THE HIGH COST OF ADOPTION.

AND OUR CONTRACT HELPS EASE THE FINANCIAL COST OF CARING FOR
ELDERLY LOVED ONES BY CREATING A TAX CREDIT FOR DEPENDENT CARE.

AFTER FORTY YEARS OF PUTTING GOVERNMENT FIRST, REPUBLICANS
WILL PUT FAMILIES FIRST BY VOTING ON THE FAMILY REINFORCEMENT ACT IN
THE FIRST ONE HUNDRED DAYS OF OUR MAJORITY IN THE HOUSE. IT'S A
CHANGE LONG OVERDUE.

9

LINDA SMITH

FAMILY AND MIDDLE CLASS TAX CUTS

DON'T YOU THINK YOUR TAX BILL IS TOO HIGH -- THAT YOU AREN'T
GETTING WHAT YOU PAY FOR OUT OF WASHINGTON? [PAUSE]

IN 1992, AMERICA WAS PROMISED TAX RELIEF FOR MIDDLE CLASS
FAMILIES. HOWEVER, THE PROMISE OF A MIDDLE CLASS TAX CUT QUICKLY
TURNED INTO THE LARGEST TAX INCREASE IN AMERICAN HISTORY. IN THE
FIRST HUNDRED DAYS OF A REPUBLICAN CONGRESS, WE WILL MAKE GOOD
WHERE OTHERS HAVE FAILED BY VOTING ON THE AMERICAN DREAM
RESTORATION ACT.

OUR CONTRACT WITH AMERICA RECOGNIZES FAMILIES FOR WHAT
THEY ARE -- THE BASIC BUILDING BLOCK OF SOCIETY. RENEWING THE
AMERICAN DREAM IS OUR GOAL. AND RENEWING THAT DREAM STARTS AT
HOME, WITH THE FAMILY.

TO HELP FAMILIES REACH THEIR AMERICAN DREAM, OUR CONTRACT
CALLS FOR A 500 DOLLAR PER CHILD TAX CREDIT, TO MAKE RAISING
CHILDREN A LITTLE MORE AFFORDABLE. WITH THIS TAX CREDIT, A FAMILY OF
FOUR EARNING \$28,000 A YEAR WOULD SEE THEIR TAX BURDEN CUT BY A
THIRD.

SECOND, WE'LL BEGIN TO REPEAL THE MARRIAGE TAX PENALTY. THE GOVERNMENT SHOULD REWARD, NOT PUNISH, THOSE WHO ENTER INTO THE SACRED BONDS OF MARRIAGE.

AND FINALLY WE WILL CREATE "AMERICAN DREAM SAVINGS ACCOUNTS" TO MAKE IT EASIER FOR AVERAGE AMERICANS TO SAVE MONEY, BUY A HOME, PAY FOR MEDICAL EXPENSES, AND SEND THEIR KIDS TO COLLEGE.

RENEWING THE AMERICAN DREAM IS WHAT OUR CONTRACT IS ALL ABOUT. BY STRENGTHENING FAMILIES, WE STRENGTHEN AMERICA.

11

SAXBY CHAMBLISS

STRENGTHENING DEFENSE

ISN'T NATIONAL DEFENSE THE FIRST AND FOREMOST PRIORITY OF THE
FEDERAL GOVERNMENT? [PAUSE]

FOR FORTY YEARS PRIOR TO THE FALL OF THE BERLIN WALL,
AMERICANS STOOD SHOULDER TO SHOULDER AGAINST INTERNATIONAL
COMMUNISM — AND WE WON. BUT WITH THE END OF THE COLD WAR, SOME
HAVE TAKEN TO RAIDING THE DEFENSE BUDGET TO FUND SOCIAL WELFARE
PROGRAMS AND U.N. PEACEKEEPING PROGRAMS. OUR DEFENSE FORCES
HAVE BEEN CUT SO DEEPLY THAT WE RISK A RETURN TO THE "HOLLOW
MILITARY" OF THE 1970S. AND FOR THE FIRST TIME IN OUR HISTORY,
AMERICAN TROOPS HAVE BEEN PLACED UNDER U.N. COMMAND.

A REPUBLICAN HOUSE WILL CHANGE THIS BY VOTING ON THE NATIONAL
SECURITY RESTORATION ACT WITHIN OUR FIRST ONE HUNDRED DAYS.

OUR CONTRACT WITH AMERICA INCLUDES A VOTE TO STOP PUTTING
AMERICAN TROOPS UNDER U.N. COMMAND; TO STOP RAIDING THE DEFENSE
BUDGET TO FUND SOCIAL PROGRAMS AND U.N. PEACEKEEPING; AND TO
STOP GUTTING RONALD REAGAN'S VISION OF PROTECTING AMERICA AGAINST
NUCLEAR OR CHEMICAL ATTACK. REPUBLICANS ARE COMMITTED TO A

DEFENSE AGAINST MISSILE ATTACKS FROM TERRORIST STATES SUCH AS
NORTH KOREA, IRAN, AND LIBYA.

PROVIDING FOR THE COMMON DEFENSE IS THE FIRST DUTY OF OUR
GOVERNMENT. IT IS NOT OPTIONAL. WITH REPUBLICANS IN THE MAJORITY,
WE WILL STOP UNDERMINING OUR MILITARY AND GIVE AMERICANS SECURITY
WITH PEACE OF MIND.

BOBBY ORTIZ**SENIOR CITIZENS FAIRNESS**

DON'T SENIOR CITIZENS DESERVE A BREAK RATHER THAN A TAX HIKE?

[PAUSE]

AMERICANS TODAY ARE LIVING LONGER AND REACHING THEIR RETIREMENT YEARS IN BETTER HEALTH THAN EVER BEFORE. OUR SENIOR CITIZENS HAVE TAKEN THIS GREAT NATION THROUGH INCREDIBLE YEARS, AND WE OWE THEM A TREMENDOUS DEBT OF GRATITUDE.

TOO MANY SENIORS ARE NOW FACING EFFECTIVE MARGINAL TAX RATES OF OVER FIFTY PERCENT, A RATE MUCH HIGHER THAN THAT OF OTHER AMERICANS. THAT IS WHY OUR CONTRACT CALLS FOR THE REPEAL OF LAST YEAR'S TAX INCREASE ON SOCIAL SECURITY BENEFITS.

AND FOR THOSE BETWEEN THE AGES OF SIXTY-FIVE AND SIXTY-NINE, WE WILL RAISE THE SOCIAL SECURITY EARNINGS LIMIT THREE-FOLD – TO THIRTY THOUSAND DOLLARS – SO THEY MAY CONTINUE WORKING IF THEY SO CHOOSE. WASHINGTON SHOULD NOT BE IN THE BUSINESS OF DRIVING PRODUCTIVE SENIORS OUT OF THE JOB MARKET.

WE ALSO CALL FOR TAX INCENTIVES TO HELP OLDER AMERICANS PURCHASE LONG-TERM CARE INSURANCE, SO THEY CAN BETTER AFFORD

THE HIGH HEALTH CARE COSTS THAT MAY COME IN THE LATER YEARS OF
LIFE.

SENIOR CITIZENS ARE THREATENED EVERYDAY BY BIGGER AND BIGGER
GOVERNMENT, HIGHER INFLATION, AND HIGHER TAXES. WE WILL ADDRESS
THESE PROBLEMS IN OUR FIRST HUNDRED DAYS BY VOTING ON THE SENIOR
CITIZENS FAIRNESS ACT.

OUR CONTRACT TREATS SENIORS WITH THE RESPECT YOU DESERVE.
AND WE OFFER POSITIVE SOLUTIONS TO HELP THOSE WHO HAVE GIVEN SO
MUCH, AND WHO HAVE US THE GREAT NATION WE ARE TODAY.

RON FREEMAN ECONOMIC GROWTH AND REG REFORM

ISN'T IT TIME WE GET WASHINGTON OFF OUR BACK? [PAUSE]

TOO MANY PEOPLE IN WASHINGTON BELIEVE THAT GOVERNMENT IS THE ONLY SOLUTION TO OUR PROBLEMS. WHEN IT COMES TO CREATING JOBS, GOVERNMENT IS MORE OFTEN THE PROBLEM RATHER THAN THE SOLUTION. THE SMALL ECONOMIC RECOVERY THAT STARTED IN 1992 IS IN DANGER OF DYING BECAUSE OF HIGH TAXES AND REAMS OF NEW REGULATIONS THAT STIFLE PRODUCTIVITY. BY VOTING ON A JOB CREATION AND WAGE ENHANCEMENT ACT IN THE FIRST ONE HUNDRED DAYS OF A REPUBLICAN-MAJORITY HOUSE, WE CAN BEGIN TO REMAKE OUR ECONOMY INTO THE GREATEST JOB GROWTH MACHINE IN THE WORLD.

OUR CONTRACT WITH AMERICA INCLUDES PROVISIONS TO ROLL BACK TAXES ON INVESTMENTS THAT CREATE JOBS AND MODERNIZE FACTORIES. AND OUR CONTRACT HELPS SMALL BUSINESSES -- THE HEART AND SOUL OF OUR ECONOMY.

TO FREE AMERICANS FROM BUREAUCRATIC RED TAPE, WE WILL REQUIRE EVERY NEW REGULATION TO STAND A NEW TEST: DOES IT PROVIDE BENEFITS WORTH THE COST?

16

TO HELP OUR CITIES AND STATES – THE GOVERNMENT CLOSEST TO
YOU – WE WILL BAN UNFUNDED MANDATES THAT THREATEN TO BANKRUPT
MANY LOCAL COMMUNITIES.

AND TO PROTECT INDIVIDUAL AMERICANS FROM OVERZEALOUS
FEDERAL REGULATORS. WE WILL MAKE SURE THAT PRIVATE PROPERTY
CANNOT BE TAKEN AWAY WITHOUT JUST COMPENSATION.

RENEWING THE AMERICAN DREAM REQUIRES A GROWING ECONOMY
THAT PROVIDES HOPE FOR THE FUTURE. OUR CONTRACT WITH AMERICA
ENCOURAGES AND PROMOTES THE ENTREPRENEURIAL SPIRIT WHICH HAS
MADE US THE MOST BLESSED NATION ON EARTH.

JIM DEATS

TERM LIMITS

**ISNT IT TIME WE SENT THE PROFESSIONAL POLITICIANS A
MESSAGE – THAT POLITICS SHOULDN'T BE A LIFETIME JOB? [PAUSE]**

**THE FOUNDING FATHERS ENVISIONED A LEGISLATURE ACCOUNTABLE
TO THE PEOPLE – A CITIZEN LEGISLATURE – NOT A "HOUSE OF LORDS"
ENTRENCHED IN WASHINGTON AND REMOVED FROM THE CONCERNS OF THE
VERY PEOPLE WHO ELECT THEM.**

**TODAY, INSTEAD OF CONSTITUENTS CHOOSING THEIR CONGRESSMEN,
TOO OFTEN CONGRESSMEN CHOOSE THEIR CONSTITUENTS IN DISTRICTS
GERRYMANDERED TO PROTECT THE ELITE POWER STRUCTURE OF THE LAST
FORTY YEARS. TODAY, THE SPEAKER OF THE HOUSE SUES HIS OWN STATE
TO BLOCK THE VOTERS' CALL FOR TERM LIMITS. YET LAWSUITS OR NOT, THE
TERM LIMITS MOVEMENT IS SWEEPING THE NATION, AND EIGHT OUT OF TEN
AMERICANS SUPPORT THE IDEAL**

**THE DEMOCRATS WON'T EVEN DEBATE THE ISSUE OF TERM LIMITS. WE
WILL. OUR CONTRACT WITH AMERICA WILL GUARANTEE THE FIRST EVER
VOTE ON A CONSTITUTIONAL AMENDMENT FOR TERM LIMITS. WITHIN THE
FIRST ONE HUNDRED DAYS OF A REPUBLICAN HOUSE, WE WILL VOTE ON THE
CITIZEN LEGISLATURE ACT.**

THE STRENGTH OF THE GRASS ROOTS TERM LIMITS MOVEMENT COMES FROM THE FACT THAT WASHINGTON IS SIMPLY OUT OF TOUCH WITH MIDDLE AMERICA. BUT WE ARE LISTENING. WE HEAR YOU. OUR CONTRACT WITH AMERICA IS THE AGENDA OF THE AMERICAN PEOPLE, NOT OF THE ESTABLISHMENT IN WASHINGTON.

JO BAYLOR**COMMON SENSE LEGAL REFORMS**

ISN'T IT TIME TO CLEAN UP THE COURT SYSTEM? [PAUSE]

FRIVOLOUS LAWSUITS AND OUTLANDISH DAMAGE REWARDS MAKE A MOCKERY OF OUR CIVIL JUSTICE SYSTEM. AMERICANS SPEND AN ESTIMATED 300 BILLION DOLLARS A YEAR IN NEEDLESSLY HIGHER PRICES FOR PRODUCTS AND SERVICES AS A RESULT OF EXCESSIVE LEGAL COSTS. THE DELAYS AND COSTS CAUSED BY LEGAL ABUSES PUT THE LEGAL SYSTEM OUT OF REACH OF AVERAGE AMERICANS.

OUR CONTRACT WITH AMERICA INCLUDES A PACKAGE OF COMMON SENSE LEGAL REFORMS THAT WILL PUT JUSTICE BACK IN OUR CIVIL JUSTICE SYSTEM. WITHIN THE FIRST HUNDRED DAYS OF A REPUBLICAN HOUSE, WE WILL VOTE ON THE COMMON SENSE LEGAL REFORM ACT.

OUR BILL PENALIZES FRIVOLOUS LAWSUITS BY MAKING THE LOSER PICK UP THE WINNER'S LEGAL FEES, AND IT IMPOSES MANDATORY PENALTIES ON LAWYERS WHO ABUSE THE SYSTEM.

IT CURBS THE USE OF "JUNK SCIENCE" IN COURT AND REQUIRES SO-CALLED EXPERTS TO BE REAL EXPERTS.

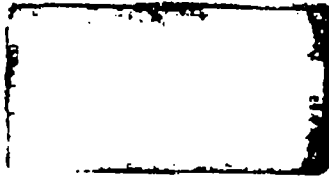
LD

IT HELPS LOWER PRICES BY CURBING ABUSES IN PRODUCT LIABILITY, STOPPING RUNAWAY PUNITIVE DAMAGES, AND BY DIRECTING LEGAL BLAME AT ONLY THOSE RESPONSIBLE FOR THE INJURY.

WITH OUR PACKAGE OF COMMON SENSE LEGAL REFORMS, WE CAN ELIMINATE EXCESSIVE COSTS AND LONG DELAYS AND WE CAN RESTORE FAIRNESS TO THE AMERICAN COURT SYSTEM. THE TIME HAS COME. [PAUSE]

ON BEHALF OF THE 300 PLUS REPUBLICAN CONGRESSIONAL CANDIDATES, WE ARE PROUD TO PRESENT TO THE VOTERS OF OUR DISTRICTS THIS CONTRACT -- A CONTRACT WHICH GIVES VOICE TO THOSE WHO HAVE LOST FAITH IN THEIR GOVERNMENT. CONTRACT WITH AMERICA IS OUR SACRED PLEDGE TO MILLIONS OF HARD-WORKING, TAX-PAYING, PATRIOTIC AMERICANS THAT WE WILL PUT THEIR NEEDS BEFORE THOSE OF THE SPECIAL INTERESTS -- THAT WE WILL LISTEN TO THEIR WILL AND RETURN THEIR GOVERNMENT TO THEM. RESPECTING THE JUDGMENT OF OUR FELLOW CITIZENS AS WE SEEK THEIR MANDATE FOR REFORM, WE HEREBY PLEDGE OUR NAMES TO THIS CONTRACT WITH AMERICA. [PAUSE]

AND NOW, IT IS MY GREAT PRIVILEGE AND HONOR TO INTRODUCE THE NEXT SPEAKER OF THE PEOPLE'S HOUSE -- NEWT GINGRICH.



Congress of the United States

**GET OUT
OF JAIL, FREE**



*As a Member of Congress, you are
exempt from the laws you make.*

**NATIONAL GRASS ROOTS
A COMMUNICATIONS, INC.**

(703) 519-0800

