

## **Kurt Schrader's Plan for Economic Recovery**

*Our country is currently battling through one of the worst economic periods in recent memory. Families are struggling to keep up with rising gas, food and health care costs. The mortgage crisis has caused many families to lose their homes or declare bankruptcy. Unemployment numbers are rising and the American financial system is facing a crisis of confidence. The last eight years have not been good for our nation and its time to bring new ideas to Washington D.C.*

*Kurt Schrader has a proven track-record of good economic stewardship. As Co-Chair of the Oregon Legislature's budget committee he guided Oregon through a recession in 2001-2002 and was able to prevent devastating cuts in state services. Under his leadership, the state created a reserve fund to allow Oregon to weather economic downturns without cutting important programs like education and health care. His fiscal discipline has allowed Oregon to be one of the few states not currently running a deficit as the national economy has hit hard times.*

*As a member of Congress Kurt Schrader will put his vast experience and expertise on economic issues to bear on turning our economy around. But don't take our word for it. Take a look at [Kurt Schrader's Plan for Economic Recovery](#) for yourself.*

### **Response to Mortgage Crisis**

#### **1. Congressional "Bailout."**

Kurt Schrader did not support the "bailout" that was recently approved by Congress. Kurt is extremely concerned that we are bailing out multi-national corporations and millionaire CEOs while letting middle class families slip. Kurt believes Congress needs to address the unsound mortgage practices that got our nation into this mess. Many mortgages are bundled by mortgage brokers so homeowners have a difficult time if they need to refinance. Kurt Schrader believes Congress should take action to better regulate the mortgage lending industry and protect regular Oregon families.

#### **2. Revise Mortgage Lending Practices to prevent future housing credit catastrophes.**

A home is one of the most important purchases many families will make in their lifetime. Many middle class families, who took advantage of the recent housing boom, are now unable to make astronomical payments to mortgage companies and thus, face losing their homes and doing irreparable damage to their credit. If the government does not take responsibility and action to reform current lending practices, the threat of another housing crisis will always loom. By revising mortgage lending practices now, we can **prevent repeating the same problems that have plagued the economy and homeowners nationwide and start to rebuild the housing market.**

## **Providing Immediate Relief at the Gas Pump**

### **1. Release Oil from the Strategic Petroleum Reserve (SPR)**

Past experiences with releasing reserves has yielded positive results and lower gas prices. In 1991 when the first President Bush released oil in the run-up to Operation Desert Storm, gas prices fell 33%; when President Clinton released oil from the SPR in 2000 prices fell 19% and when President George W. Bush announced a sale in 2005 in the wake of Hurricane Katrina, American families saved approximately \$125 in lower gas prices over the next three months (9%). **As a Member of Congress, Kurt Schrader will support supplementing current oil supplies with reserves from the SPR.**

### **2. Require Oil Companies to Drill on Lands they already have**

Oil companies hold leases for 68 million acres of federal land for energy production that are currently sitting idle. This represents 75% of leased lands going unused. Oil companies should drill what they have leased, or justify why that is not feasible—and lease lands already open for drilling first.

### **3. Crack down on oil speculation that artificially increases prices**

Oil and gas prices have been rising exponentially often with no fundamental shift in demand or supply. Regular Americans are struggling to afford gas in their tank while commodities traders get rich off fluctuating prices. We must not allow oil prices to be set by financial traders concerned with turning the highest profit margin for their investors. **Congress must act to curb this practice and reduce the price of oil.**

## **Middle Class Tax Relief**

### **1. Fix the AMT (Alternative Minimum Tax)**

The AMT, which applies more stringent rules for using deductions in calculating tax obligations, was created in 1969 to ensure that a small group of people did not totally

avoid paying taxes. The problem was that the AMT was never adjusted for inflation, and **every year more middle-class Americans are hit by the tax.**

Without Congressional action, 26.8 million taxpayers will be affected by the AMT in 2008. If the 2001-2006 tax cuts expire as scheduled at the end of 2010, 43 million taxpayers (almost two-fifths) will be hit by the AMT in 2018. If the tax cuts are extended, the number jumps to 57 million taxpayers.

Congress must permanently fix the AMT.

## **2. Help Reduce Tax Burden on the Middle Class**

Congress should make certain provisions of 2001 and 2003 tax cuts for households making under \$100,000 permanent.

- Extend child credit expansions
- Extend the changes to marriage bonuses and penalties

## **Job Creation/Employment**

### **1. Invest in Dislocated Worker Training**

Under the Workforce Investment Act (WIA), workers who are unemployed due to no fault of their own or have received official notice of a layoff are eligible for employment and training programs through the Dislocated Worker program. These programs are administered by the individual states, using federal funds and are targeted at workers who are unlikely to return to a job in the same field and therefore require retraining so they can obtain employment in a new field. As our economy continues to shift, requiring more education and training for even entry level jobs, these retraining benefits are more important than ever.

In addition to continuing to fund dislocated worker activities under WIA and ensuring that the funding for those programs keeps up with the current demand, **Congress should also enact a scholarship program for dislocated workers collecting unemployment insurance to further assist in their retraining. Scholarships of up to \$6,000 would cover two years of tuition and fees at the average Oregon community college.**

### **2. Invest in Green Jobs**

Congress created an Investment Tax Credit in 2005 that was designed to encourage people to buy fuel cell systems and now they are considering a long-term extension of the tax credit for another six years. This extension will not only keep the United States on the path to greater use of alternative energy technologies, but would also stimulate the economy by supporting 500,000 jobs by 2030. If we don't extend the

Investment Tax Credit, the fuel cell industry may turn to Europe or Asia to base their companies where the market is more favorable for their industry. A strong, long-term Investment Tax Credit for fuel cell systems will make sure those jobs stay in the United States.

### **3. Natural Resource Development**

Many Oregon counties are struggling as they deal with the loss of Federal Timber dollars. We should encourage higher, sustainable, timber harvest yields on Federal Forestry Lands to replace the lost Federal Timber revenues and to put American families back to work.

### **4. Improve Educational Opportunities**

Education has been the driving force behind our economic success over the last several generations and will continue to be in the coming years. The Federal Government needs to continue to invest in all levels of education from supporting head start to increasing Pell Grants and providing additional funding for continuing education and adult education programs.

### **5. Promote technological innovation and economic competitiveness**

We need to encourage innovation and growth in the United States if we want our businesses to stay competitive in the global economy. This requires a comprehensive approach that starts with improved technology in our schools and better math and science teachers so we have the highly skilled workers to meet the demands of the high tech industry. We also need to expand the markets for our products and promote new sources of energy so we can continue to build the economy of the future.

## **Fiscal Responsibility:**

### **1. Congress Needs to Pay for what it Spends**

This proposal sounds simple enough, but our continually ballooning national debt demonstrates Congress's inability to control its spending. American families must manage their budgets and so should the Federal government.

"PAYGO" or pay-as-you-go is a rule that all new spending and taxes must be budget neutral or offset by spending cuts so that it doesn't add to the federal deficit. If we are serious about keeping spending under control, we need to stick to the most basic principle – don't spend more money than we have. To illustrate – in 2008, the U.S. will run a deficit of \$371 billion dollars, while holding \$5.2 billion dollars in debt. This is the equivalent of the average American family this year (which earns \$48,000 a year) spending more than \$55,000 a year - \$7,000 over the family budget. **In comparison, under President Clinton's last budget, that same family would have been putting \$5,000 into savings.**

**For PAYGO to be successful, Congress needs to stick to the rules that they set and if they don't have the restraint to do that, then PAYGO should be turned into a law so it cannot be waived when it is politically convenient.**

## 2. Cut Federal Budget

In addition to adherence to PAYGO rules, Congress must make significant spending cuts to the budget to reduce the deficit. Possible areas for budget cuts include:

- i. Cut Government Contractors by 750,000: The Bush Administration has hired 2.4 million government contractors – more than the total number of regular government employees. (10-year savings: \$284 billion)
- ii. Reduce Government Travel: During the Bush years, the cost of government travel grew 55 percent – at the same time teleconferencing and Internet access made communication more affordable. (10-year savings: \$18.5 billion)
- iii. Ban Bonuses for Political Appointees: During the second year of his administration, President Bush doled out \$1.44 million in bonuses to 470 appointees. (10-year savings: \$15 million)
- iv. Fewer No-Bid Contracts: In 2003 alone, the Bush Administration spent \$40 billion more than the Clinton Administration had on no-bid contracts. (10-year savings: \$53.5 billion)
- v. Corporate Welfare Commission: Create a commission to review corporate welfare expenditures, including both tax breaks and spending programs that do not actually stimulate our economy. (10-year savings: \$250 billion)
- vi. Eliminate Bush Tax Cuts: The Bush Tax Cuts have benefitted the top income brackets and have not supplied the economic stimulus they were intended to provide.
- vii. Eliminate Oil and Gas Subsidies: We should not be subsidizing oil and gas companies at the same time they are making rapid profits off high oil prices. We need to end these subsidies and reinvest that money in our economy and paying down our national debt.
- viii. Bring Troops Home from Iraq: Our brave men and women have served valiantly in Iraq over the past 5 years and its time we reward that valor by bringing them home. We need to reinvest the billions of dollars we are spending in Iraq on domestic priorities such as transportation projects and creating more jobs at home for Americans.

## 3. Budgeting for Results

As Co-Chair of the Oregon Legislature's Ways & Means Committee Kurt Schrader instigated performance-based budgeting. Under this philosophy, programs were evaluated and ranked based on their previous performance to determine their funding level. **In Congress, Kurt Schrader will work with his colleagues to evaluate federal programs to ensure each program is efficiently spending your hard-earned money.**