

SENATE REPUBLICAN CONFERENCE

Rick Santorum, Chairman
Kay Bailey Hutchison, Vice Chairman



109th Congress

December 22, 2005

Dear Colleague,

We have made significant progress on our agenda in this session of the 109th Congress. We are providing an update to the previous recess packet electronically. This recess packet will assist your efforts to communicate to your constituents that we are working to Secure America's Future and Deliver on America's Priorities.

We have major accomplishments to improve the quality of life for all Americans in the first session of this Congress, including passage and enactment of long awaited items such as a comprehensive energy bill, a highway funding bill, class action reform, bankruptcy reform, and CAFTA. We will continue to work to help the American people and further grow the economy through fiscal discipline and tax relief protection for entrepreneurs and families. In contrast, Democrats have no positive agenda to help America move forward. Republican pro-job policies are working, and we will do more:

- The unemployment rate decreased to 5.0% in October 2005, down from 5.1% in September.
- Over 4.5 million jobs have been created since May 2003.
- GDP has increased by 4.1% in the 3rd quarter of 2005.
- The implementation of sound economic policies has reduced the FY 2005 deficit by nearly \$100 billion from FY 2004 and also has increased tax receipts.
 - The Republican-led Senate approved the Deficit Reduction Act Conference Report which further reduces the deficit, reduces wasteful spending, extends important initiatives, and keeps the economy growing.
 - The Republican-led Senate has passed all 12 Appropriations bills with a freeze on non-security related spending and a 1% across the board reduction.
 - The Republican-led Senate approved the Tax Relief Act of 2005 that will continue tax relief as promised to the American people to sustain and expand economic growth and to prevent a tax increase on American families.

Senate Republicans are addressing rising energy costs that consumers are facing and working to improve our energy independence:

- The Senate approved a comprehensive American energy bill to improve domestic production and reduce reliance on foreign sources of energy.
- Democrats continue to obstruct the opening of ANWR, which the Senate passed as part of the Deficit Reduction Act, even though it would create jobs in every state and help America to become more energy independent.
- The Senate Energy and Commerce Committees held a hearing regarding energy pricing and profits, which included questioning of the CEOs of the major oil companies.

- The Senate has passed a significant increase in funds for LIHEAP (Low-Income Home Energy Assistance Program) to help low-income families with heating costs. With the winter months upon us, it is important that we also communicate ways to save on energy and home heating costs. In the previous recess packet, you received energy accomplishments and sample “energy saving tips”. In addition, we have e-mailed a packet from the Department of Energy entitled, “Energy Savers: Tips on Saving Energy & Money at Home” to your press office. This packet can be distributed at town hall meetings, energy events, and can be made available in your state offices.

Senate Republicans are working to secure our Nation through legislation that strengthens our borders, combats terrorism, and protects the men and women fighting for our freedom and their families:

- The Senate passed the FY06 Senate Homeland Security Appropriations Bill which provides unprecedented funding to ensure border protection for those who wish to enter illegally and for those who wish to enter the country for illicit purposes.
- The Senate passed the FY06 Defense Appropriations bill.
- The Senate passed FY06 National Defense Authorization bill
- The Senate passed FY06 Military Construction and Veterans Affairs Appropriations bill.
- The Senate passed FY06 Department of State, Foreign Operations, and Related Programs Appropriations bill which provides funding to combat terrorism and promote democracy worldwide.

The Senate Republican Conference recently launched an effort to highlight the efforts of our men and women in uniform serving in Iraq and Afghanistan. Numerous Republican Senators have given floor speeches on this topic. To highlight this effort, we have utilized the SRC website in a unique way. Several senators are sharing stories and narratives of military service members from their home states. The Conference is taking the video, audio, text of the speech and any photos or visuals used by Senators on the floor and packaging them on the SRC website.

The Conference continues to ask members to highlight the new Medicare prescription drug benefit as they go home for the holidays. With enrollment in Medicare prescription drug plans having begun on November 15, and coverage beginning January 1 for at least 21 million Americans, members should continue to deliver factual information about the new law to their constituents during this critical period. We continue to encourage members to do PSAs. We have previously included detailed supporting resources on a CD for your constituent meetings.

Members are also encouraged to highlight the Senate Anti-Poverty Agenda during the recess. Members should also highlight the recent enactment of the Hurricane Katrina tax package to provide private sector incentives for rebuilding the devastated areas of the Gulf Coast. Another major step toward renewal was taken by the recent accomplishment of a redirection of significant resources to the impacted states and communities.

Throughout the recess you will also receive questions regarding the important confirmation process of President Bush’s Supreme Court nominee, Judge Samuel Alito. You have received separate information on the confirmation process. Please make use of these materials as you interact with your constituents and spread our message of accomplishment and our positive agenda for the future.

Thank you.



Rick Santorum, Chairman



Kay Bailey Hutchison, Vice-Chair



Significant Senate Accomplishments During the 109th Congress

Securing America's Economic Strength . . .

- Passed: Sweeping Deficit Reduction Legislation
- Passed: Tax Cut Extension
- Passed: Comprehensive National Energy Policy
- Passed: Highway Funding Bill
- Passed: Central America Free Trade Agreement
- Passed: Terrorism Insurance Extension
- Passed: Pension Funding Overhaul
- Passed: SMART Grants

Securing America's Homeland And Commitment To The Military . . .

- Passed: Emergency War On Terror Funding & Tsunami Relief
- Passed: Disaster Relief To Areas Affected By Hurricane Katrina
- Passed: Defense Authorization
- Passed: Prohibition On Torture
- Passed: Survivor Benefits

Securing America's Sound Government . . .

- Confirmed: New Chief Justice John Roberts
- Confirmed: Seven Obstructed Judicial Nominees
- Passed: Budget Resolution
- Passed: Twelve Appropriations Bills

Securing America's Responsibility Culture . . .

- Passed: Class Action Reform
- Passed: Bankruptcy Reform
- Passed: Gun Liability Bill
- BioTerror/Pandemic Counter Measures Protections

Securing America's Health . . .

- Passed: Health Care Information Technology
- Passed: Genetic Information Nondiscrimination Act
- Passed: Avian Flu Funding
- Passed: Cord Blood Legislation



Republicans are working to Secure America's Future by moving forward on an agenda to provide personal security, economic freedom, and opportunity and compassion for every American

Personal and National Security

- Homeland Security Bill
- Defense Appropriations Bill
- Defense Authorization Bill
- Increased Border Security Infrastructure/Resources
- Energy Independence (ANWR) (obstructed)
- Patriot Act Renewal (long term renewal obstructed)
- Terrorism Insurance Extension
- Genetic Information Nondiscrimination Act
- Cord Blood Legislation
- Avian Flu Protections

Expanding Economic Freedom and Security

Creating JOBS

- Tax Relief Act (conference pending)
- Comprehensive Energy Bill
- Highway Funding Bill
- Pensions Reform Bill (conference pending)
- Central America Free Trade Agreement
- Bankruptcy Reform
- Education (math and science) SMART grants (in Deficit Reduction Act)
- Social Security Reform (obstructed)

Stopping Abusive Lawsuits

- Class Action Reform
- Protection of Lawful Commerce Act
- Avian Flu/Vaccine Liability Reforms

Reducing the Deficit

- Budget
- Deficit Reduction Act
- 12 Appropriations bills completed with freeze on non-security related spending
- 1% Across the Board Reduction in non-security related spending

Fighting Poverty by Empowering Families in Need

- Hurricane Katrina Emergency Relief Items
- Hurricane Katrina Tax Relief/Investment Incentives
- Hurricane Katrina Resources for Renewal of Gulf Coast
- Anti-Poverty Agenda
 - Family Opportunity Act (healthcare for families with disabled children)(in Deficit Reduction Act)
 - Welfare Reform Renewal including Marriage and Fatherhood Initiatives (in Deficit Reduction Act)
 - Work Opportunity Act (private sector incentives) (in Tax Relief Act)
 - CARE Act (key charitable giving incentives in Tax Relief Act)
- Increased Resources for Families through LIHEAP (Low-Income Home Energy Assistance Program)

The Deficit Reduction Act: Fiscal Discipline Must Be a Priority

“The driving force behind this effort is the federal deficit and the out-of-control spending that is pushing it increasingly higher. This bill takes fiscally responsible steps to reduce the deficit, reduce spending that is on autopilot, and strengthen our economy. It is the first deficit reduction package in nearly a decade, and probably the most important legislation to be considered this year.”

-- Senate Budget Committee Chairman Judd Gregg

AN OVERVIEW:

- **The Senate and House are taking fiscally responsible steps to reduce the deficit by nearly \$40 billion over five years.**
- **This is a goal agreed upon in the bi-cameral Budget Resolution and the Congress is following through on that plan. It is the first time in eight years the Congress will enact a deficit reduction package.**
- **Curbing spending and reducing the deficit will benefit future generations, instead of saddling them with this generation’s obligations.**

WHY IS ACTION NECESSARY?

- **The current deficit situation is unsustainable:**
End-of-the-year budget results from the U.S. Treasury show that the FY 2005 deficit was \$319 billion. While that is down from previous expectations due to a strong increase in individual and corporate tax receipts, it is still too high. The deficit for the first two months of FY 2006 is \$130 billion, which is about 13 percent higher than for the same time a year ago. We are on an unsustainable path that will jeopardize the economic stability of future generations.
- **Spending is the problem:**
We are spending a lot more than we are taking in, despite the fact that our tax receipts are growing stronger. For example, while revenue growth continues to be robust in FY 2006, spending growth has exploded -- up \$31 billion or 8 percent so far in 2006 -- erasing the benefits of revenue growth. If spending is allowed to continue, that will put a serious strain on our economy down the road. Mandatory spending is the biggest problem; these programs simply grow year after year on automatic pilot with no regular review by Congress. Automatic spending, excluding interest on the debt, now represents 56 percent of all federal spending. Left unchecked, that will grow to more than 62 percent in 10 years. Accelerating spending in the largest entitlement programs is on the verge of overwhelming our economy’s ability to pay for those benefits as the Baby Boom generation begins

to retire in 2008. We must find a way to slow the rate of growth of automatic spending to a level that is sustainable, given that the ratio of retirees to workers will be higher than ever before as the Baby Boom retires.

- **The Deficit Reduction Act is a step in the right direction:**
Under the 2006 Budget Resolution, the federal government is estimated to spend \$13.8 trillion over the next five years. The Congress is working to craft a final Deficit Reduction Act that would reduce the growth of spending by nearly \$40 billion over that time period, which is less than 0.3 percent of total federal spending. Many would argue that is not enough, considering that the last three enacted reconciliation bills in the 1990s included 2-3 times the amount of savings: in constant 2005 dollars, the 1990 bill reduced the growth of mandatory spending by \$100 billion, the 1993 bill reduced growth by \$96 billion, and the 1997 bill reduced growth by \$118 billion, all over a five-year period. More needs to be done to reduce the deficit and control spending, but the Deficit Reduction Act is a step in the right direction.
- **Fiscal discipline needed to keep the U.S. economy strong and growing:**
Despite some serious economic set-backs such as Sept. 11th, a recession, and a significant correction in the stock market, the U.S. economy has managed to stay resilient as the President and Congress have worked to enact sound economic policies and lessen the tax burden on families and businesses. That has created 4.4 million jobs since May 2003 and generated a 14.6 percent increase in tax receipts this past fiscal year. Long-term interest rates are relatively low and homeownership is at an all-time high. However, economic growth will not be able to sustain the current rate of spending. Fiscal discipline is necessary to keep the economy growing.
- **Future generations depend on Congress taking action now:**
We all want today's economic benefits to continue for future generations. But to make that happen, we need to control spending and reduce the deficit, while allowing Americans to keep and invest more of what they earn so that the economy can continue to expand and grow.

WHAT'S IN THE DEFICIT REDUCTION ACT?

The Deficit Reduction Act reduces the deficit by nearly \$40 billion over five years:

- Agriculture Provisions: \$2.709 billion is saved over five years
- Housing and Deposit Insurance Provisions: \$520 million is saved over five year
- Digital TV Transition and Public Safety Provisions: \$7.383 billion is saved over five years
- Transportation Provisions: \$156 million is saved over five years
- Medicare Provisions: \$6.412 billion is saved over five years
- Medicaid Provisions: \$4.759 billion is saved over five years

- Human Resources Provisions & Continued Dumping and Subsidy Offset: \$1.592 billion is saved over five years
- Education & Pension Benefit Provisions: \$16.286 billion is saved over five years
- LIHEAP Provisions: In a one-time expenditure, provides \$1 billion to assist low-income consumers with higher home heating costs following production disruptions caused by Gulf Coast hurricanes
- Judiciary Provisions: \$553 million is saved over five years

The Deficit Reduction Act contains good government reforms that:

- **Improve the Medicare and Medicaid programs for elderly and low-income patients** – In addition to achieving significant budget savings while reducing wasteful spending, reforms will result in expanded flexibility of state Medicaid benefit packages, expanded home and community-based Medicaid services, additional Medicaid benefits to Hurricane Katrina victims, and expanded assistance for disabled children.
- **Strengthen education for low-income students** – The bill reduces bank and education lender subsidies and special payments, using the funds to reduce the deficit. It then puts some of the savings into new grant aid for low-income students, especially those who study math, science and technology; reducing student loan taxes and fees; and extending loan forgiveness to teachers of special education, math and science and to active duty military personnel.
- **Promote assistance for needy families** – The bill provides grants to needy families with children, and provides increased funding for child care and for foster care and adoption assistance programs.
- **Offer relief to low-income families struggling with high home heating costs** – The bill provides a one-time only supplement to the Low-Income Home Energy Assistance Program (LIHEAP) next year to assist low-income households struggling with high home heating costs they will face as a result of production disruptions caused by the Gulf Coast hurricanes this year.

THE BOTTOM LINE:

- **The current federal deficit is too high, and out-of-control mandatory spending is threatening the economic security of future generations.**
- **The Deficit Reduction Act, while reducing spending and the deficit, also benefits low-income students, patients and families.**
- **Congressional Republicans have worked hard to achieve fiscally responsible savings and reduce the deficit – passing the 2006 Budget Resolution that puts the government on track to halve the deficit by 2009 and approving the Deficit Reduction Act.**
- **To keep the U.S. economy strong and growing, the time to act on deficit reduction and curbing out-of-control mandatory spending is now.**



Department of the Treasury
Office of Public Affairs
December 12, 2005

Summary of Recent Economic Indicators

Steady Job Growth Continues...

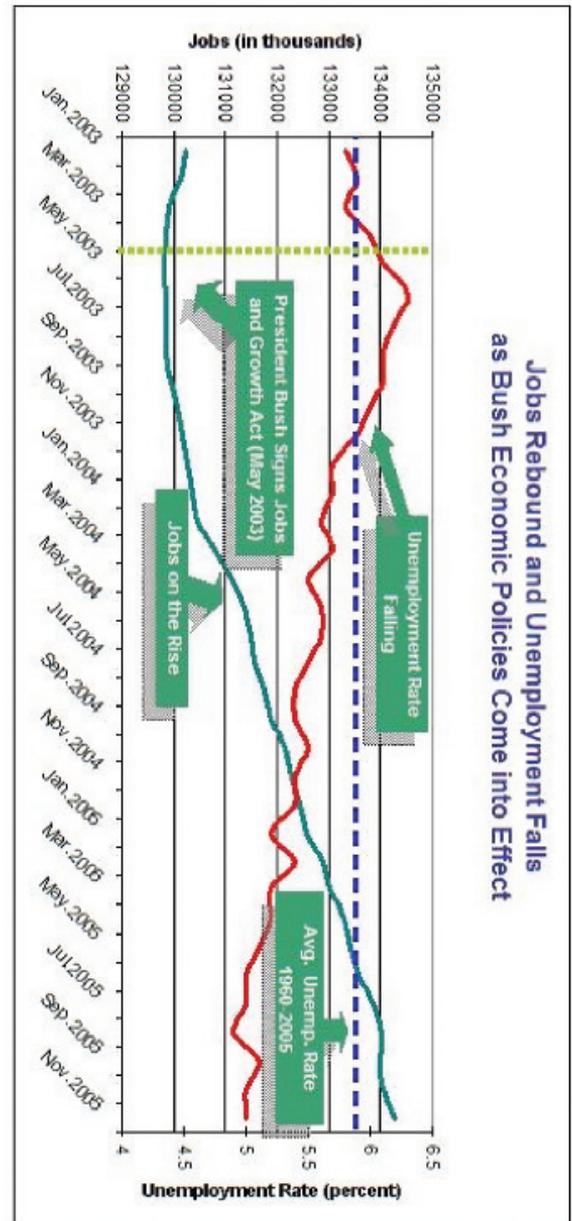
- More Americans are working than ever before.
- Since the President signed the Jobs & Growth Act in May of 2003, the economy has created nearly **4.5 million** new jobs.
- **215,000** new jobs were created in November, bringing the total over the past year to almost **2 million** new jobs.
- At **5%**, the unemployment rate is lower than the average of the 1970s, 1980s and 1990s.

The Economy is Strong and Continues to Grow Stronger...

- The U.S. economy has grown at a **4.1 percent** annual rate since the President signed the Jobs & Growth Act in May of 2003. In the most recent quarter, GDP growth was a strong **4.3 percent**.
- U.S. households net worth increased **2.6 percent** to a record **\$51.1 trillion** in the third quarter.
- Retail sales (excluding motor vehicles) increased **0.9 percent** in October and initial indications show strong holiday sales.

Business Investment Remains Strong...

- Orders for core capital goods (excluding defense and aircraft) are up more than **10 percent** versus last year.



Delivering on America's Priorities – Medicare Rx Drug Benefit

Congress made a promise to America's seniors to deliver better Medicare and a prescription drug benefit.

- The promise has been met – and a bipartisan bill passed Congress and is now law.
- Traditional Medicare is strengthened and improved to keep up with advancements in health care, including disease management and preventive care.
- For the first time ever, America's seniors enrolled in the Medicare program have access to a prescription drug benefit.

Medicare's prescription drug benefit will offer voluntary drug coverage to 42 million seniors and people with disabilities.

- Beginning January 1, 2006, this coverage will be available to all people in Medicare.
- It pays for both brand name and generic drugs, and offers a choice of plans.
- Seniors who need the most help to pay for prescription drugs receive the most help under the new Medicare law.

Everyone in Medicare should give serious consideration to enrolling for prescription drug coverage.

- Medicare will offer options of enrolling online (www.medicare.gov) and by phone (1-800-MEDICARE).
- Tens of thousands of enrollment events will take place across the country. Some of these events will be sponsored by the Social Security Administration and by Medicare, or by organizations that represent seniors and patients.
- Everyone who has a family member or a friend in Medicare has a vital role to play in helping educate these beneficiaries about the Medicare drug benefit.

Source: Senate Republican Conference, Health Care Communications Working Group

Things to Remember about the New Medicare Prescription Drug Benefit Program:

- Everyone in Medicare will find value in the Medicare prescription drug benefit and should give serious consideration to enrollment.
- The Medicare prescription drug benefit will provide reliable, affordable and guaranteed coverage to medication.
- Everyone has a vital role in educating people in Medicare about the new benefit.

Important Dates:

- November 15, 2005 – Sign up starts.
- January 1, 2006 – Coverage starts for those who signed up by December 31, 2005.
- May 15, 2006 – Last day to sign up in 2006. Remember to join by this date or you will have to wait until November 15, 2006 to join and you may pay higher premiums.

Additional Information:

- For more information about getting help with your prescription drug costs, call Social Security at 1-800-772-1213 (TTY 1-800-325-0778) or visit www.socialsecurity.gov.
- To learn more about the Medicare prescription drug plan, call 1-800-MEDICARE (1-800-633-4227) or visit www.medicare.gov.

Outside Resources:

- CMS: James Scott, Senior Legislative Advisor, Office of Legislation, (202) 690-8258
- Medicare Rx Education Network: Eugenia Edwards, Senior Public Policy Specialist, (202) 457-5622
- Medicare Access for Patients Rx: Mary Worstell, Convener, (202) 349-1152
- Access to Benefits Coalition: Howard Bedlin, Vice President, Public Policy and Advocacy, The National Council on the Aging (NCOA), (202) 479-6685

Source: Senate Republican Conference, Health Care Communications Working Group



Date: December 22, 2005
For Release: Immediately
Contact: CMS Public Affairs
(202) 690-6145

MORE THAN 21 MILLION MEDICARE BENEFICIARIES TO BE COVERED FOR PRESCRIPTION DRUGS AS OF JANUARY 1, 2006

More than 21 million seniors and people with disabilities will get prescription drug coverage as of Jan. 1, 2006, HHS Secretary Mike Leavitt said today. The number includes more than one million Americans who signed up for the new stand-alone coverage in the first 28 days it was offered. Another 500,000 are expected to be enrolled by the end of January.

“The new prescription drug benefit is off to a strong start,” Secretary Leavitt said. “With more than 21 million participating in coverage as of January 1, we are well on the way of meeting our goal of 28-30 million enrolled in the first year of the program. While there is still much work to do, we are encouraged by the early results.”

“Interest in the drug coverage is strong, and these numbers do show that people are getting questions answered and making decisions. For people who have decided they want coverage, they should go ahead and enroll now so they can take advantage of this important new protection,” said Centers for Medicare & Medicaid Services Administrator Mark B. McClellan, M.D., Ph.D.

Dr. McClellan noted the especially strong response from employers and unions who are planning on keeping their retirees in their current coverage. “We expected an initial spike in enrollment, but the participation in Medicare’s new support for retiree coverage is even better than many predicted,” Dr. McClellan said. “With more than 11 million retirees keeping the good coverage they have now, the support for retiree coverage provided in the Medicare drug benefit is working.”

Medicare beneficiaries will be getting their drug coverage in various ways, including from existing federal and/or military programs. The enrollment figures as of Dec. 13 are:

- Stand-alone Prescription Drug Plans: more than 1 million.
- Medicare/Medicaid: 6.2 million (including 600,000 in Medicare Advantage plans).
- Medicare Advantage: 4.4 million (plus 600,000 Medicare/Medicaid beneficiaries).
- Retiree coverage: About 5.9 million retirees are enrolled in the Medicare retiree subsidy, with an additional 600,000 in process. Also, about 1 million retirees are in employer coverage that incorporates or supplements Medicare’s coverage. Another estimated 500,000 retirees are continuing in coverage that is as good as Medicare’s. (See Attachment A.)
- TRICARE/ FEHB retirees: 3.1 million.

“The holidays are a great time for families to have a conversation with a loved one about signing up for the new prescription drug coverage,” Secretary Leavitt said. “The new benefit is the biggest improvement in health care for seniors and Americans with disabilities since Medicare began 40 years ago. We encourage all eligible beneficiaries to enroll so they can start saving right away on the prescription drugs they need to stay healthy -- now and in the future.”

The Centers for Medicare & Medicaid Services will be releasing drug coverage enrollment data monthly.