



## United States Senate Budget Committee

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### Serial Deception: White House Spending Claim Off By \$6 Trillion

President Obama's FY 2013 budget proposal has two primary impacts on fiscal policy: a \$1.8 trillion increase in taxes and a \$1.4 trillion increase in spending above current growth projections—netting less than \$400 billion in deficit reduction, or just one-tenth of the pledged \$4 trillion. As a result, America's gross debt under the President's plan, as reported by his own Office of Management and Budget (OMB), will climb to \$25.4 trillion in 2022—\$10.6 trillion above where it stood at the end of 2011.

Despite these arresting figures, the President continually and falsely characterizes his budget proposal as containing \$2.50 in spending cuts for every \$1 in tax hikes. Indeed, this discredited notion of a "balanced" approach is one of the essential claims underpinning the White House's entire budget presentation.

Since the President's plan includes \$1.8 trillion in new taxes (including \$1.4 trillion in higher income taxes and \$141 billion in higher death taxes), for the 2.5:1 ratio to be true the President's plan would require a \$4.5 trillion spending cut. Accordingly, the difference in spending between what the White House alleges (a \$4.5 trillion spending cut) and what it proposes (a \$1.4 trillion spending increase) is a staggering \$5.9 trillion. That's almost a \$6 trillion swing based on fraudulent accounting.

Looked at another way, the President's budget proposes total spending from FY13–22 of \$46.218 trillion. OMB's own baseline for that same 10-year window shows estimated spending of \$46.232 trillion—only a \$14 billion spending cut based on the White House's own figures.

To arrive at the \$1.4 trillion spending increase cited by the Budget Committee, one simply has to remove accounting gimmicks from the President's baseline to arrive at a more realistic estimate of planned spending. Specifically, adjusting OMB's baseline to account for the inflated estimate of war spending (\$800 billion), the cost of the unpaid-for "doc fix" (\$400 billion), as well as related interest costs, one arrives at a realistic projection that the United States will spend \$44.8 trillion from FY12–23. Thus, the President's \$46.2 trillion spending proposal represents a \$1.4 trillion spending increase above a fair current policy baseline.

The White House also attempts to pad the President's deficit reduction total by counting previously enacted reductions, which are clearly part of the baseline that the next President and Congress will start with next year. Not surprisingly, the White House fails to count enacted spending *increases*, such as the \$833 stimulus package and the President's health law. These increases are part of the current law spending base and thus do not count against the totals in the President's budget. For instance, CBO projects that total spending on the coverage provisions of the health law between FY13–23 will be \$1.7 trillion. This is included in its August baseline. If the White House wishes to count the \$1.2 trillion discretionary caps as part of his plan, then they also have to count against it the spending in the health care law, which represents a much larger increase.

The facts are incontestable. The President's budget does not achieve \$2.50 in cuts for every \$1 in taxes, but instead increases both taxes and spending—in the process negating almost all of the potential deficit reduction. At bottom, applying gimmick-free accounting, there is an unprecedented \$6 trillion gap between what the President is alleging in speeches and setting forth on paper.