



Honest Accounting Reveals President’s Budget Makes No Alteration To Disastrous Debt Course

Tax-And-Spend Plan Achieves Deficit Reduction Of Just \$273 Billion—Not \$4 Trillion

The president claims that his fiscal plan will reduce the deficit by \$4 trillion over the next 10 years, including the previously enacted \$1 trillion Budget Control Act cuts that are part of current law. An honest analysis reveals, however, that the president’s budget would only reduce the deficit by about \$300 billion in comparison to what was agreed to in the Budget Control Act last August. In other words, the White House has utterly failed to meet even the minimum target they have identified as necessary.

The president’s claimed deficit reduction is based on the following deceptions:

- It does not count the cost of replacing the \$1.2 trillion sequester (spending reduction plus interest savings) required under current law. This is plainly true because the president eliminates the reductions required by the law that he signed and replaces it with tax increases. Then he fails to score the cost of repeal, a monumental deception.
- It counts the inevitable winding down of the war costs in Afghanistan—all of which is borrowed—as \$1 trillion in spending reduction; and
- It buries the \$522 billion cost of freezing the Medicare physician update in the baseline, without identifying any source of funds to pay for it.

A comparison of the president’s math and honest math is shown below. An honest accounting shows that the president only reduces the deficit by \$273 billion over ten years and, by his own estimates, increases the gross debt by approximately \$11 trillion, on top of nearly \$5 trillion that’s already accumulated during his first three years in office.

Deficit Effect of the President's Fiscal Plan

(2012–2022, in trillions of dollars)

<u>President’s Math</u>	<u>Honest Math</u>	
-1.551	-1.551	Tax Increases
---	1.195	Eliminate BCA Fallback Sequester
-0.848	---	Savings from Ending War

-0.646	-0.646	Savings from Other Programs
0.354	0.354	New Stimulus Spending
0.125	0.125	New Surface Transportation Spending
---	0.438	Freeze Medicare Physician Payments
<u>-0.407</u>	<u>-0.188</u>	<u>Interest Savings from Lower Debt</u>
-2.973	-0.273	Total

Fiscal sleight-of-hand accounts for \$3.7 trillion of the president's deficit reduction, leaving the debt in the president's plan largely unchanged from what would be expected to occur under current spending law and tax policies (\$11.2 trillion rather than \$11.5 trillion). Even worse, the president's proposed switch from a current law spending reduction to even higher taxes contributes to a 62 percent increase in spending between 2011 and 2022. Once the gimmicks are taken away, the president's budget becomes another enormous tax-and-spend plan that ignores the drivers of our debt and is alarmingly inadequate for the undisputed fiscal realities of a growing debt and aging population.