

Operation Wildfire: Good Things Happen When YOU Vote

March 17, 2023

What's Really in the President's Budget for Fiscal Year 2024?

On March 9, the Biden Administration released its Fiscal Year 2024 (October 1, 2023 through September 30, 2024) budget proposal, outlining President Biden's priorities over the next decade. In this issue, Operation Wildfire explores the contents of that budget proposal. We'll begin with material provided by the White House:

- "Under the President's leadership, the economy has added more than 12 million jobs – more jobs in two years than any president has created in a four-year term."

The Facts: The President's definition of job creation combines the generation of new jobs with the natural return of workers to the workforce following the government's shutdown of businesses across the nation. The labor-force participation rate still trails pre-pandemic levels, according to the U.S. Bureau of Labor Statistics. By percentage, the purported job growth in the first two years of Biden's presidency falls behind that from the full terms of his predecessors.¹

- "The unemployment rate has fallen to 3.4%, the lowest in 54 years."

The Facts: Unemployment is not at its lowest rate in 50 years, but only by a slim margin. It has only fallen below its current rate of 3.6% on three occasions since 1972 and only by 0.1%. While that means the claim is not wholly accurate, joblessness is close to past historic lows.²

- "...President Biden cut the deficit by more than \$1.7 trillion during his first two years in office..."

The Facts: Dan White, senior director of economic research at Moody's Analytics told CNN's Matt Egan in October: "On net, the policies of the administration have increased the deficit, not reduced it."³

According to the White House, "The President's Budget details a blueprint ... to deliver on the agenda he laid out in his State of the Union ... continuing to grow the economy from the bottom up and middle out ..., lowering costs for families, protecting and strengthening Medicare and Social Security, and reducing the deficit by nearly \$3 trillion over the next decade by making the wealthy and big corporations pay their fair share and cutting wasteful spending on Big Pharma, Big Oil, and other special interests. No one earning less than \$400,000 per year will pay a penny in new taxes."⁴

So what's in the budget proposal? According to *The Hill*, the newspaper of Capitol Hill, portions of President Biden's proposal were repeated by its editors in the March 9, 2023 article, "Breaking Down Biden's Budget:"

- Places a 25% minimum tax on billionaires, increases the corporate tax rate, repeals President Trump's tax cuts and restores the top tax rate (39.6%) for the wealthiest Americans.
- Raises the tax rate on U.S. multinational corporations' foreign earnings from 10.5% to 21%, and increases taxes for oil and gas companies.
- Increases the child tax credit and permanently makes the credit fully refundable (\$435 billion).
- Improves Medicare's finances by raising the tax rate from 3.8% to 5% on those earning more than \$400,000 a year, and by allowing Medicare to negotiate prices for additional drugs.
- Makes Obamacare subsidies permanent, and provides Medicaid-like coverage to those in states that haven't expanded the public health insurance program (\$494 billion).
- Provides \$500 million for a new grant program to make two years of community college free (\$217 billion).
- Provides more than \$15 billion to allow more states and schools to provide free school meals to an additional 9 million children.
- Funds a new federal-state partnership program that would provide universal, free preschool.
- Establishes a national paid family and medical leave program (\$325 billion).
- Addresses climate change, calling for billions of dollars of investment to cut greenhouse gas emissions.
- Provides military defense and support for Ukraine.

¹ Townhall.com, Tip Sheet, February 9, 2023, "Did the Biden Admin Actually Create '12 Million New Jobs'?"

² Newsweek.com, Fact Check: Is U.S. Unemployment Rate Lowest in 50 Years?"

³ CNN Facts First, "Fact-checking President Biden's State of the Union speech," February 8, 2023.

⁴ whitehouse.gov/omb, "President's Budget.

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In addition to tax increases and the expansion of the government's social safety net, there are also progressive policy nuggets scattered throughout the proposal's pages. For example:

- \$1.8 billion expenditure for the Environmental Protection Agency geared toward "advancing racial equity and securing environmental justice."
- "...more than \$3 billion to advance gender equity and equality globally."

The Biden proposal also calls for 350 new Customs and Border Protection officials; 87,000 more people at the IRS; and, over 1,000 new lawyers at the Department of Justice.

What's missing?

The proposed budget doesn't address things that really matter to Americans, such as border security, law enforcement, and gas prices. For example:

- There's \$5.5 trillion in new taxes in this budget but there are no funds for significant numbers of new border patrol agents to secure our southern border.
- Funds haven't been allocated to significantly increase the numbers of new Drug Enforcement Agency agents to stop the fentanyl crisis.
- The budget blueprint doesn't even include a proposal to shore up Social Security, despite the priority President Biden has placed on protecting the program. Instead, the budget says the Administration will work with Congress to "responsibly strengthen Social Security by ensuring that high-income individuals pay their fair share."⁵

Opposing Views

Reacting to President Biden's proposed federal budget, Senate Democrats and former Trump senior economic adviser Steve Moore warned the President's fiscal plan isn't going to work.

U.S. Senator Joe Manchin (D-WV) said "You cannot run this country if you're not energy secure. You can't be energy secure unless you're producing the oil, gas and coal that you need cleaner and better anywhere in the world." Steve Moore noted the "Under the new proposals, the U.S. would have 'the highest tax rates in the world'."⁶

Maya MacGuineas, president of the Committee for a Responsible Federal Budget advocacy group, said Biden deserved credit for putting forward \$3 trillion in deficit reduction. "However, deficit reduction will ultimately need to be nearly three times that large, and it is disappointing the budget has put forward so many costly proposals."

She concludes by noting that debt would continue to rise unsustainably under the President's budget, reaching a new record of 110 percent of GDP by 2033. And the debt levels are likely to be even higher under the Congressional Budget Office's re-estimate of the budget, and would rise further if various expiring tax cuts are continued without additional offsets. "It is disappointing that the President continues to propose trillions of dollars in new spending and tax breaks without a plan to put our debt on a sustainable path."

In conclusion, the Committee for a Responsible Federal Budget recommends that, as budget negotiations begin, policymakers should target at least \$3 trillion of savings over a decade to match the net deficit reduction in the President's budget. Given surging inflation and rising interest rates, a meaningful share of these savings should be in the first two years in order to help the Federal Reserve fight inflation and reduce the likelihood of a deep recession.

Even Biden Budget Director Shalanda Young admits his proposed budget does not reduce the national debt and is not balanced. We viewed the Director's testimony at this link: <https://www.survivethenews.com/biden-budget-director-shalanda-young-admits-bidens-proposed-budget-does-not-reduce-the-national-debt-video/>

The Republican View

According to The White House, "Congressional Republicans appear to be taking a different approach. Until they produce a plan, we're left to rely on a wide array of Republican budgets, statements, and proposals which provide clear and consistent evidence that many critical programs the American people count on will be on the chopping block."

House Budget Committee Chairman Jodey Arrington (R-TX) said "we must reverse the curse" of "uncontrolled federal spending." To do that, the Republican majority on the committee is proposing a number of cuts, including:⁷

⁵ USA Today, March 9, 2023, "Budget Release Silent on How to Keep Social Security Afloat Long-Term."

⁶ Economy, March 9, 2023, "Economist warns Biden's budget proposal is a 'fiscal atrocity': The 'worst budget I've seen'

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- Pulling back nearly \$100 billion in uncommitted COVID money.
- Reinstating work requirements for Temporary Assistance for Needy Families (TANF) and the Supplemental Nutrition Assistance Program (SNAP).
- Reducing fraud in the Child Tax Credit (CTC) and SNAP (food stamp) Program.
- Capping Obamacare subsidies at 400 percent of the poverty level and recovering overpayments.
- Cutting nearly \$90 billion in funding for the Environmental Protection Agency included in the Inflation Reduction Act.
- Ending Biden's student debt cancellation.
- Cutting \$13 billion in green spending for electric vehicles for the U.S. Postal Service and buses with low emissions.

Speaker Kevin McCarthy told reporters, "We can no longer ignore the major problem that we have — the size of our debt." We expect the Republican budget proposal to be available in mid-April/early May.

Waste, Fraud & Abuse

When we're looking at budgets, we need to be aware of the earmarks hidden in the fiscal legislation. Look closely and you'll notice that the federal government's wasteful projects continue to pile up.

One of the most costly losses for taxpayers came through pandemic relief unemployment spending, with some estimating that nearly 25% of it was lost to waste and fraud. Larry Turner, the inspector general for the U.S. Department of Labor, told Congress last month that nearly \$200 billion out of \$900 billion in total federal and state unemployment insurance benefits given out during the pandemic could have been improper payments, much of which was due to fraud.

And several federal spending projects have fallen into political controversy. For example, some COVID relief funds were used by states to push critical race theory and hire "equity warriors" at schools. Republicans on the House Oversight and Education committees launched an investigation into the matter last fall. That's only the tip of the iceberg.

As U.S. Senator Rand Paul (R-KY) notes, "The debt has risen so rapidly that the Congressional Budget Office projects that, within the next 30 years, there is not a single year in which the federal budget will balance. Who's to blame? One need not look further than the \$3.5 trillion that the big government politicians in Congress spent on the so-called Inflation Reduction Act, which ultimately does nothing to truly combat rising inflation rates. Worse, those same big spenders have just teamed up to pass a pork-laden \$1.9 trillion omnibus spending package for 2023, released in the dead of night, and voted into law without anyone having read it. This year, I am highlighting a whopping \$482,276,543,907 of waste, including a steroid-induced hamster fight club, a study to see if kids love their pets, and a study of the romantic patterns of parrots. No matter how much money's already been wasted, politicians keep demanding even more."⁸

Take Action

If you feel you would benefit from more specific information about how our tax dollars are being spent and what is being requested by President Biden for the new budget – as well as what measures are being taken to STOP spending areas that are not needed or should be cut back – take time to read the President's budget proposal in its entirety. We found the proposal at this link: https://www.whitehouse.gov/wp-content/uploads/2023/03/budget_fy2024.pdf. We also found the short version at this link: <https://www.whitehouse.gov/omb/briefing-room/2023/03/09/fact-sheet-the-presidents-budget-for-fiscal-year-2024/>

After you've seen the actual dollars that are being proposed, you may want to give your U.S. Senators and U.S. Representative a call to let them know how you feel.

U.S. Senator Bob Casey
Telephone: 814/357-0314
Email: <https://www.casey.senate.gov/contact/share>

U.S. Senator John Fetterman
Telephone: 717/782-3951
Email: <https://www.fetterman.senate.gov/contact-2/>

U.S. Representative Glenn "GT" Thompson
Telephone: 814/353-0215
Email: <https://thompson.house.gov/contact>

⁷ USA Today, "Biden's budget calls for new taxes on wealthy, deficit cuts. Here's what the GOP is proposing," March 9, 2023

⁸ The Festivus Report 2022