

## Obama Administration Record on Fiscal Responsibility

*Reining in our deficits is not an end in and of itself. It is a necessary step to rebuilding a strong foundation so our economy can grow and create good jobs. That is our ultimate goal. And as we tighten our belts by cutting, consolidating, and reforming programs, we also must invest in the areas that will be critical to giving every American a fair shot at success and creating an economy that is built to last.*

-President Barack Obama, February 13, 2012, from The Budget Message of the President

President Obama believes putting Americans back to work is job one. But we have to do more. We have to reclaim the security the middle class has lost by restoring the basic values that made our country great. America prospers when we're all in it together; when hard work pays off and responsibility is rewarded; when everyone, from Main Street to Wall Street, plays by the same rules. Paying down the massive debt the Federal Government has accumulated over the past decade is part of that effort, and President Obama has worked to restore accountability and fiscal responsibility to our government. But to create true middle class security, we can't just cut our way to prosperity. We must out-innovate, out-educate, and out-build the world. That's why President Obama is working to ensure that as a nation, we can live within our means while still making the investments we need to prosper – from a jobs bill that is needed right now to long-term investments in education, innovation, and infrastructure. And the President has consistently taken a balanced approach to dealing with our debt and deficits, asking everyone – including millionaires and billionaires – to do their part and pay their fair share, so no one has to bear all the burden. The Obama Administration's record on restoring fiscal responsibility includes:

- **Making Significant Spending Cuts:** President Obama has made significant spending cuts as part of his effort to get our fiscal house in order, so that we can make the investments we need to out-educate, out-innovate and out-build the competition.
  - **Brought Annual Non-Security Spending to Its Lowest Level since Eisenhower:** By signing the Budget Control Act, the President put into place tight caps in discretionary spending. This Act saves approximately \$1 trillion over the next 10 years, and brings annual non-security spending to its lowest level as a share of the economy since Dwight Eisenhower sat in the Oval Office.
  - **Making Tough Cuts to Defense Programs:** At the President's direction and while protecting our national security, the Department of Defense has taken on wasteful spending, saving hundreds of billions in current and future spending. Under President Obama's leadership, the Department of Defense made tough choices and recommended cuts to major weapons systems, such as cancelling the VH-71 presidential helicopter program. And the President has also overcome entrenched interests in Congress to enact these cuts, working across party lines to end the procurement of the F-35 second engine and excess C-17s.
  - **Going Line-By-Line through the Budget and Identifying Billions of Dollars in Savings by Cutting Wasteful Spending and Making Tough Choices:** Upon taking office, the President demanded that the government spend every taxpayer dollar with as much care as taxpayers spend their own dollars. The Administration

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went line-by-line through the budget and identified more than 120 terminations, reductions, and savings for 2010, 2011, and 2012, totaling approximately \$20 billion in each year. While recent administrations have seen between 15 and 20 percent of their proposed cuts approved by Congress, the Obama Administration got Congress to agree to 60 percent of its proposed discretionary cuts for 2010.

- **Launching an Administration-Wide Initiative to Hold Government Accountable:** Through the President's Accountable Government Initiative, the Administration has launched a host of initiatives to streamline what works, cut what does not, and eliminate wasteful spending. These include: launching the Campaign to Cut Waste to root out waste in every agency in government, a comprehensive strategy to reform government contracting that will save \$40 billion by the end of 2011, an initiative to reduce the amount of improper payments made by the government by \$50 billion and recapture \$2 billion in overpayments made to contractors by the end of 2012, and a review and reform of information technology use and procurement.
- **Laying Out a Balanced Approach to Deficit Reduction While Making Critical Investments for Economic Growth:** In February, the President released the Fiscal Year 2013 Budget, which does the following:
  - Builds on the discretionary cuts in the Budget Control Act to reduce the deficit by \$4 trillion over 10 years and stabilizes deficits and the debt as a share of the economy;
  - Saves an additional \$360 billion from reforming and strengthening Medicare and Medicaid while reducing their costs without undermining the fundamental compact they represent to our Nation's seniors, people with disabilities, and low-income families;
  - Identifies an additional \$270 billion in cuts and reforms to a wide range of programs including Federal civilian worker retirement, agricultural subsidies, and the Pension Benefit Guaranty Corporation, making them more efficient and fairer for taxpayers;
  - Accounts for the drawdown in troops in Afghanistan and transitions from a military to a civilian-led mission in Iraq, for a total savings of \$850 billion;
  - Cuts \$2.50 for every \$1 of additional revenue;
  - Includes proposals that raise \$1.5 trillion in additional revenue by bringing fairness to the tax code, reducing itemized deductions for wealthier Americans, taxing carried interest as income, eliminating the corporate jet loophole, and ending tax preferences for oil and gas companies;
  - Calls for comprehensive tax reform that broadens the tax base, including a chance to ensure that people making over \$1 million should not pay lower taxes than the middle class;
  - Provides \$350 billion for investments in short term jobs initiatives, including extension of the payroll tax cut, immediate investments to rebuild our transportation infrastructure and schools, and support for worker training and education;

- Reinvests savings from ramping down overseas operations into a \$476 billion, six-year surface transportation proposal to modernize our infrastructure; and
  - Proposes \$350 billion in tax cuts for the middle class and small businesses, including making the American Opportunities Tax Credit permanent, extending 100 percent expensing, and putting forward new measures to support small businesses and start-ups.
- **Dealing with Our Long-Term Debt and Deficits:** In addition to putting forth his Plan for Economic Growth and Deficit Reduction, the President has taken a number of significant steps to deal with our long-term debt and deficits.
    - **Saving Hundreds of Billions of Dollars by Reforming Our Health Care System:** The Affordable Care Act will reduce our deficit by over \$100 billion over the next 10 years and by more than \$1 trillion over the second 10 years, as well as fully pay for all new coverage.
    - **Establishing a Bipartisan Commission to Consider How to Deal with Our Debt and Deficits:** The President convened the bipartisan National Commission on Fiscal Responsibility and Reform to start a serious discussion about further deficit reduction. A number of its proposals have been incorporated into Administration deficit reduction proposals.
    - **Calling on Congress to Make it Easier for the President to Cut Unnecessary Spending:** To help cut unnecessary spending in the future, the President has pushed for legislation to create an expedited rescission authority so that unnecessary spending can be struck swiftly and constitutionally from legislation.
  - **Improving the Federal Budget Process:** President Obama has taken steps to end the budget gimmicks that contributed to the growth of debt and deficits.
    - **Instituting Pay-As-You-Go Budgeting:** In 2010, the President signed into law pay-as-you-go (PAYGO) legislation that returned the tough budget rules of the 1990s to Washington. The principle behind PAYGO is simple: permanent new spending and tax cuts must be offset by savings or revenue increases.
    - **Enacting Transparent Budgeting:** In his first budget, the President directly confronted the fiscal situation he inherited, eliminating trillions of dollars in budget gimmicks and including the cost of war spending, rather than considering this cost separately. By making the budget more transparent, President Obama has made it easier for the American people to hold their elected representatives accountable for the budgetary decisions they make.