

EVALUATING THE BIDEN ADMINISTRATION'S BUDGET PROPOSALS

By James Carter
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The Biden Administration released its fiscal year 2023 budget proposal yesterday. How does it compare to the president's first budget? How should we evaluate the new budget? While some of the individual policies underlying the president's budget may hold merit in and of themselves, we can get a reasonable sense of the overall budget's merit by asking and answering 11 questions. They are as follows.

	FISCAL YEAR 2022 PROPOSAL	FISCAL YEAR 2023 PROPOSAL
DOES PRESIDENT BIDEN'S BUDGET ...		
CUT FEDERAL SPENDING?	No. President Biden's FY22 budget proposed to increase federal spending by \$5 trillion over 10 years relative to the then-current law baseline.	No. President Biden's second budget proposes to increase federal spending by \$1.4 trillion over ten years relative to the current law baseline.
HOLD THE LINE ON TAXES?	No. President Biden's FY22 budget called for raising taxes by \$3.6 trillion relative to the baseline.	No. The president's FY23 budget includes a \$2.5 trillion tax increase.
DELIVER ROBUST ECONOMIC GROWTH?	No. The Biden Administration's FY22 economic assumptions indicate that adopting the President's policies would have produced no better than tepid growth.	No. According to the president's own FY23 budget estimates, economic growth in the years ahead would stall at little more than 2% annually.
REDUCE THE FEDERAL BUDGET DEFICIT?	No. The 10-year cumulative deficit would increase by \$1.4 trillion under President Biden's FY22 budget.	No. The administration's FY23 budget calls for reducing the cumulative budget deficit by \$1 trillion (6.8%) over the decade.
PUT THE FEDERAL GOVERNMENT ON THE ROAD TO A BALANCED BUDGET?	No. Not even close.	No. Not even close.

	FISCAL YEAR 2022 PROPOSAL	FISCAL YEAR 2023 PROPOSAL
TRIM THE HUNDREDS OF BILLIONS OF DOLLARS THE FEDERAL GOVERNMENT SPENDS ANNUALLY ON FEDERAL INTEREST PAYMENTS?	No. The larger cumulative deficit proposed by President Biden would necessitate a \$163 billion increase in interest payments on the federal debt.	Yes. The administration's FY23 budget envisions net interest costs falling by \$96 billion relative to the baseline.
PRIORITIZE RESOURCES FOR NATIONAL DEFENSE?	Debatable. While the budget increased non-defense discretionary spending by \$616 billion over 10 years relative to the baseline, defense discretionary spending was slated to fall by \$169 billion under President Biden's FY22 budget.	Debatable. President Biden proposes a \$115 billion increase in defense discretionary spending over ten years in the FY23 budget. That is an increase of 1.4%. By comparison, the President calls for a \$551 billion increase (+5.7%) for non-defense discretionary spending over the same period.
REIGN IN AMERICA'S OUT-OF-CONTROL ENTITLEMENT SPENDING?	No. In fact, President Biden's FY22 budget proposed increasing entitlement spending for FY22-31 to \$45.99 trillion—an increase of 10.5% relative to the current law baseline.	No. The administration's FY23 budget includes an \$868 billion spending increase for entitlements—an increase of 2% relative to the current law baseline.
SAVE SOCIAL SECURITY FROM INSOLVENCY?	No. Social Security is projected to become insolvent in 2033, and the President's FY22 budget did not propose any changes to prevent that from happening.	No. The president's FY23 budget does not propose any changes to prevent that from happening.
SAVE MEDICARE FROM INSOLVENCY?	No. Medicare is expected to become insolvent in 2026. Rather than seek to make Medicare solvent, President Biden's FY22 budget proposed to expand benefits.	No. The president's FY23 budget does not propose any changes to prevent that from happening.
OFFER TAX POLICIES DESIGNED TO KEEP U.S. EMPLOYERS COMPETITIVE INTERNATIONALLY?	No. The president's first budget would have hiked corporate income taxes by 56% over the course of the decade.	No. The FY23 budget calls for a 37% corporate tax increase.