Statement by Maya MacGuineas
President of the Committee for a Responsible Federal Budget
On the President's FY 2017 Budget Proposal
February 9, 2016

This budget is neither fiscally aspirational nor irresponsible. The President deserves credit for fully paying for his new initiatives and bringing down the deficits to stabilize the debt. But he fails to propose measures that would bring the debt back down to manageable levels—despite recognizing in past years the importance of doing so.

While budgets rarely suffer from excessive political realism, the President's heavy reliance on tax increases makes the budget an unlikely starting point for any bipartisan efforts. Even in an election year, we could have hoped for productive discussions to help get reforms underway.

Under this budget, debt would remain the highest in American history other than around World War II. At 75 percent of GDP over the next decade, according to the administration's estimates, the debt would still be more than twice as high as it was as recently as 2007, and is far too high to give the government the fiscal flexibility it should have to handle the next national emergency.

The President once promised not to leave our fiscal problems for future generations to solve, but in this budget, that is exactly what he does.

To his credit, he recognizes new revenues and entitlement reforms will be needed to deal with our fiscal challenges. It would be preferable to use these savings first to put the debt on a sustainable longer-term path, and then to offset the costs of new initiatives. While the President continues to support important improvements to Medicare, his budget does almost nothing to put Social Security on a more sustainable track – leaving the program (and the 45 million seniors who depend on it) within 13 to 18 years of insolvency.

Presidential administrations tend to start with a bang and end with a whimper, and this one has turned out to be no exception. A bit more courage in addressing the debt would have helped generate a more positive fiscal legacy for Barack Obama.

Five fast facts about this budget

1. Budget would stabilize debt at current record level – about 75% of GDP. Dollar amount would grow by over $7 trillion.
2. Deficits would rise from $438 billion in 2015 to $793 billion by 2026 – from 2.5 to 2.8% of GDP.

3. Budget includes $2.9 trillion of deficit reduction from OMB's baseline, $2.6 trillion using CBO conventions for sequester relief.
4. Budget includes $550 billion of business tax revenue to help pay for December's irresponsible tax extenders deal.
5. Budget includes $2.7 trillion of net tax increases, $378 billion of health savings, and $11 billion of Social Security savings.

We've just published a blog on the President's budget proposal. Click here to read it.

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