



U.S. HOUSE OF REPRESENTATIVES

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Deceptions in the President's 2019 Budget

The President's budget for 2019 once again relies on phony economic assumptions to make its deficit projections look less ominous. Even with the phony economics, other deceptions, and reckless cuts to crucial programs Americans rely on, the budget cannot hide the drastically deteriorated deficit outlook resulting from enactment of the Republican tax scam.

Relies on Phony Economics

Relies on unrealistically rosy economic growth — The budget assumes the economy will steadily grow at optimistic rates significantly higher than what independent analysts think are sustainable. The budget assumes the economy will grow at an average rate of 3 percent annually over the next decade, which is significantly rosier than the 2 percent annual growth estimated by the Congressional Budget Office and the "Blue Chip" consensus of private forecasters. As shown by the independent analysts' projections, the aggressive growth rates assumed in the budget are unlikely to be maintained over the long run given much slower projected rates of work force growth (unless we were to significantly increase the work force by allowing higher levels of immigration). The budget's unrealistically optimistic economic growth lowers projected deficits significantly, hiding a much worse deficit outlook. Sustained annual growth rates 1 percentage point below the Administration's projections could increase deficits by more than \$3 trillion over ten years.

Counts on \$0.8 trillion savings from further economic growth — In addition to the unrealistically rosy economic growth, the budget counts on \$0.8 trillion additional deficit reduction over ten years supposedly resulting from the effect of Administration policies on economic growth. The budget does not provide any details or assumptions to support this significant additional deficit reduction.

Obscures the True Cost of the GOP Tax Scam

Explodes our nation's debt while being deceptive about the \$2.3 trillion tax scam cost — The Office of Management and Budget acknowledges that the enacted Republican tax law adds \$1.8 trillion to the nation's debt over ten years. However, the budget buries the \$0.6 trillion additional cost to extend its provisions expiring after 2025. The budget presents this additional cost as a benchmark to measure policies against, rather than as the proposed change in law

that it is. Regardless, the Administration's own estimates now show they assume the GOP tax scam will continue to raid the federal Treasury for years to come.

Claims Phony Investment in Infrastructure

Makes phony claims about federal investment in infrastructure — The budget pretends to present a \$1.5 trillion infrastructure plan. However, in reality, the federal government would fund only \$200 billion of this total, counting on state and local governments, as well as the private sector, to provide the rest. Currently, the federal government finances about 80 percent of highway projects and 50 percent of mass transit projects funded by the Highway Trust Fund. The Trump plan's \$1.5 trillion figure implies an overall federal share of about 13 percent. Reducing the federal share of infrastructure spending and telling cash-strapped state and local governments to make up the difference is not a plan to increase infrastructure investments. If states cannot come up with the necessary funding, they might attract private funds by offering investors the ability to charge tolls or fees – essentially privatizing public infrastructure. Furthermore, the budget cuts other infrastructure spending, offsetting much if not all of the \$200 billion funding increase. For example, the budget reduces spending from the Highway Trust Fund by \$122 billion over ten years and makes cuts to other transportation and infrastructure programs. If the budget were fully implemented, the end result would likely be a reduction in federal support for transportation infrastructure.

Undermines the Bipartisan Budget Agreement

Cuts nondefense funding in 2019 below the budget deal — In the President's "addendum" to the budget, accounting for the bipartisan budget deal signed into law last week, the President leaves nondefense programs even more starved for funding than they would have been before the budget deal. The addendum provides \$540 billion for nondefense discretionary programs in 2019, which is \$10 billion above the previous cap level but \$57 billion below the budget deal. But even this \$10 billion increase is deceptive. The budget also calls for changes in the budgetary treatment of certain programs that will in essence require nondefense funding to cover billions of dollars of additional costs it would not otherwise have to absorb. Nondefense discretionary programs include veterans' programs, law enforcement, diplomatic operations, education, research, and other investments to boost jobs, revitalize communities, and improve economic security.