

## **Talking Points: The President's FY14 Budget**

- The President's budget will show how we can invest in the things we need to grow our economy, create jobs and strengthen the middle class while further reducing the deficit in a balanced way.
- Everything the President does is geared towards strengthening the middle class by creating jobs and growing the economy. That's his North Star. That drives every decision that we make.
- The budget will detail how we can invest in the things we need to attract more jobs to our shores, equip our people with the skills they need, and ensure that hard work leads to a decent living – without adding a dime to the deficit.
- The President's budget will also include his compromise offer to Speaker Boehner that would reduce the deficit by \$1.8 trillion by cutting spending, finding savings in entitlement programs, and raising revenue by asking the wealthiest to pay their fair share.
- Consistent with that offer, the President's budget proposal would overall reduce the deficit by \$1.8 trillion over 10 years. Together with over \$2.5 trillion in deficit reduction we have already achieved, the President's budget if enacted would bring total deficit reduction to over \$4.3 trillion over ten years and putting us on a fiscally sustainable path with debt declining as a share of the economy.

### ***INCLUSION OF COMPROMISE OFFER TO SPEAKER BOEHNER***

- While this is not the President's ideal deficit reduction plan, and there are particular proposals in this plan like the CPI change that were key Republican requests and not the President's preferred approach, this is a compromise proposal built on common ground and the President felt it was important to make it clear that the offer still stands.
- The President is willing to compromise and do tough things to reduce the deficit, but only in the context of a package like this one that has balance and includes revenues from the wealthiest Americans and that is designed to promote economic growth.
- That means that the things like CPI that Republican Leaders have pushed hard for will only be accepted if Congressional Republicans are willing to do more on revenues.

- This isn't about political horsetrading; it's about reducing the deficit in a balanced way that economists say is best for the economy and job creation. That's why the President's offer – which will be reflected in his budget - isn't a menu of options for them to choose from; it's a cohesive package that reflects the kind of compromise we should be able to reach.

### ***NEW INVESTMENTS ARE FULLY OFFSET AND WON'T ADD TO DEFICIT***

- Separate from the compromise deficit reduction offer, the budget will detail how any new spending and tax cuts for middle-class families and job creation will be offset by additional reasonable spending cuts, reforms and revenue increases.
- ***Expanded access to Pre-K, paid for by an increase in tobacco tax:*** For example, the budget includes a proposal the President laid out in the State of the Union that ensures four-year olds across the country have access to high-quality preschool education through a landmark new initiative in partnership with the states, and increases the availability of early learning for our youngest children. This proposal would give all our kids the best start early in life, and save hard-working families thousands each year in child care costs. This proposal is fully paid for in this budget by raising taxes on cigarettes and other tobacco products. Studies also show that higher cigarette prices deter kids from taking up smoking and benefit their health long term.
- ***Sets limits on tax-preferred retirement accounts for millionaires and billionaires:*** The budget will also show how we can provide targeted tax relief to strengthen the economy, help middle class families and small businesses and pay for it by eliminating tax loopholes and make the tax system more fair. The budget will include a new proposal that prohibits individuals from accumulating over \$3 million in IRAs and other tax-preferred retirement accounts. Under current rules, some wealthy individuals are able to accumulate many millions of dollars in these accounts, substantially more than is needed to fund reasonable levels of retirement saving. The budget would limit an individual's total balance across tax-preferred accounts to an amount sufficient to finance an annuity of not more than \$205,000 per year in retirement, or about \$3 million in 2013. This proposal would raise \$9 billion over 10 years.
- ***Closing Unemployment Insurance and Disability Insurance concurrent receipt loophole:*** The budget finds savings in government programs by making new, smart reforms that root out fraud and abuse. The budget closes a loophole in current law that allows people to collect full disability benefits and unemployment benefits that cover the same period of time. This will crack down on the practice of double dipping and claiming both unemployment benefits, which require people to show they're looking for work, and disability benefits, which require them to show they are unable to work, saving money from duplicative payments.