



## WIPP WORKS IN WASHINGTON

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### *The Battle of the Budgets*

In the heat of the Presidential campaign, Gov. Romney's pick of Congressman Paul Ryan has focused attention on the House-passed Budget for FY13, because Ryan is the architect. From now until the November election, pundits and politicians will find snippets in the budget to bolster whatever case they are trying to make with respect to government programs. The other candidate, President Obama, also put forth his yearly budget in February, so there are actually concrete comparisons to make between the two.

Although Governor Romney has not endorsed all of the details of Congressman Ryan's budget, the fact that he chose him as his running mate certainly endorses his approach and makes Ryan's recommendations a document worth paying attention to because it stands in contrast to President Obama's budget.

But in order to do that, you have to read. Reading budgets is not for the faint of heart but unless you are willing to read the details directly from the sources, you cannot get an accurate picture of the proposals. To read Congressman Ryan's "Path to Prosperity" budget, click [here](#). To read the blueprint that accompanied the bill, click [here](#). To read President Obama's budget, click [here](#).

Both candidates agree that many government programs are inefficient, duplicative or past their useful life. But they disagree on what to cut. Take a look at the differences. President Obama's are listed under "Cuts, Consolidations and Savings," and can be found by clicking [here](#). Congressman Ryan's are listed under each budget function, so you pretty much have to read the whole budget to see where he would cut and consolidate but it's very specific.

What about their approach to taxes? Although it nearly impossible to succinctly put into a few paragraphs the differing tax proposals, here's a quick synopsis. On the revenue side, Ryan proposes to keep the Bush tax cuts in place, consolidate the current six individual income tax brackets into just two brackets of 10 and 25 percent, reduce the corporate rate to 25 percent, repeal the Alternative Minimum Tax and broaden the tax base to maintain revenue at a share of the economy consistent with historical norms of 18 to 19 percent in the following decades. He also proposes making the tax code "territorial" instead of "worldwide" which he says would allow US companies to compete with foreign competition.

This is what President Obama proposes on the revenue side: Extend Bush tax cuts to households making less than \$250,000 a year, taxing estates at pre-2009 levels, eliminate special tax breaks for oil and gas companies, preferred treatment for the purchase of corporate jets and tax rules that give a larger percentage deduction to the wealthiest two percent than to "middle-class families" for itemized deductions; and closing a loophole that allows some money managers to pay only 15 percent tax on dollars they earn. President Obama supports tax reform that "observes the "Buffett Rule" that no household making more than \$1 million annually should pay a smaller share of its income taxes than middle-class families pay."

Much of the conversation surrounding the Ryan budget is based on his Medicare plan. As I read his proposal, he envisions putting together a Medicare exchange, not at all dissimilar in concept to the exchanges the new healthcare law puts in place for small businesses and individuals. The government would provide premium-support payment directly to the health insurance plans. President Obama's budget does not envision a wholesale change in Medicare but proposes to make it sustainable by eliminating fraud, reducing the Federal subsidy of Medicare costs for those beneficiaries "who can most afford them", and also introduces a modified Part B (doctors' services, outpatient care, medical supplies, and preventive services) deductible for new beneficiaries beginning in 2017.

My point in giving these two examples is to highlight some of the differences in both budgets and to show that the sound bites you may hear in the media rarely reflect the whole picture. With conventions right around the corner and a barrage of negative political ads, informed voters will have to dig a little deeper to understand the differences in philosophies when it comes to the Presidential race.

So start reading. Which candidate's budget priorities reflect your point of view? Which candidate proposes a plan for the future that will enable your business to grow? Who lays out a budget proposal that you think will put our country on sound economic footing? You will not find those answers by simply listening to media and campaign messages. You will only find them by reading directly from the source.