



# Budget 2011: Cutting the Deficit Without Really Cutting?

Parsing Rhetoric on Government Spending, Savings from Budget Deal

By DEVIN DWYER

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Will the bipartisan deal that shaved \$38.5 billion from the federal budget for 2011 immediately affect the [soaring deficit](#) so many Americans say they're worried about?

The answer is not really, according to the nonpartisan [Congressional Budget Office](#), a group of accountants and analysts who study the plans.

The agency says the much-touted deal, approved Thursday, will only save \$352 million through the end of the fiscal year -- a tiny fraction of the \$1.4 trillion the U.S. has spent beyond its means.

"In this deal, unfortunately, a lot of the savings are based on government accounting phraseology," said Mike Tanner, a budget analyst with the CATO Institute.

Congress decides every year the maximum amount each government agency can spend on its programs and operations. But often, the organizations don't use the allocations in their entirety.

"If you take away the money from the contingency fund for various agencies, you in one sense lower the amount of money that the government has," Tanner said. "On the other hand, it wasn't necessarily ever going to spend it."

## Smoke and Mirrors?

Critics say the accounting practice is mostly smoke and mirrors, and doesn't lead to real deficit reduction as lawmakers have promised the American public.

Many Republicans, however, insist the budget deal "takes away the Administration's license" to spend billions in "real money" Congress already approved for use.

"We're cutting \$38.5 billion of money that has already been authorized and appropriated, and anybody that doesn't believe this money wouldn't be spent if we don't act is kidding themselves," House Speaker [John Boehner](#) said Thursday.

Experts, including the CBO, say Boehner is right over the long term, but that the plan likely will not shave billions off the deficit before the end of the fiscal year in September.

"It's the appropriations that really count in the long term," said the Brookings Institution's Henry Aaron, a budget analyst and member of the CBO panel of economic advisors.

"And actually, the smaller the cut in actual spending in the short term the better, because it means the degree to which this will retard economic recovery will be reduced."

"How it's being sold is perhaps illicit, but the numbers themselves are not illicit," said Tanner of the estimated impact on the budget gap this year.

The cuts also appear to undermine Republicans' pledge to reduce government spending by \$100 billion during their first year as a majority in the House of Representatives. The estimated spending savings of \$352 million through September is less than one percent of their goal.

The CBO estimates that over the next decade, however -- assuming the new budget levels held steady -- taxpayers would save close to \$300 billion over what

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