



ECONOMIC POLICY INNOVATION CENTER

SETTING THE RECORD STRAIGHT ON BIDENOMICS

State of the Union 2024

President Joe Biden has always had a way with words. In preparation for the March 7 State of the Union address, EPIC's experts are here to set the record straight on Bidenomics.

CLAIM #1

President Biden has reduced the budget deficit.

- In reality, the ***Biden Administration has made the fiscal trajectory even less sustainable*** by **increasing** government spending and the deficit.
- **EPIC's analysis shows** the Fiscal Year 2023 deficit was 76% higher - \$732 billion - than the pre-Biden baseline projected.
- ***FY 2023 outlays were \$969.6 billion higher than the pre-Biden projection*** because of both policy choices made by President Biden and Congress to increase spending and the high inflation that resulted from excessive government spending.
- Over the next decade, the Congressional Budget Office (CBO) **projects \$20 trillion** in additional deficits.
- **EPIC analysis shows** the harmful effects on our credit rating, household finances, and economic activity from excessive debt growth.

CLAIM #2

The budget would be fine if the wealthy just paid their "fair share."

- Spending is **the driver** of our debt problem, with outlays already well above the historical average and ***only projected to skyrocket***.
- The tax code is already highly progressive. In 2020, the top 10% of earners **paid 74%** of income taxes, while an estimated **40%** paid zero income taxes.
- Even if the government confiscated all income above \$500,000, it **still would not cover** the deficit.

CLAIM #3

Republicans want to cut Social Security and Medicare.

- Social Security will be insolvent in 9 years, resulting in automatic and across-the-board **23% benefit cuts**. The average retiree will lose \$5,300 per year. ***By refusing to fix Social Security, President Biden is supporting 23% benefit cuts.***
- Taxing the rich would not come close to solving Social Security's \$22.4 trillion shortfall, which equals ***\$172,000 per household***.
- The Medicare Trustees project the Hospital Insurance Trust Fund will be **depleted by 2031**.
- President Biden says he wants the rich to pay their fair share for Social Security and Medicare, but he **evaded** up to \$500,000 in Medicare taxes by attributing \$13 million of income to S. Corporations instead of declaring it as earnings.

CLAIM #4

President Biden has created more jobs than any other president.

- President Biden inherited a historic job recovery and quickly thwarted it by ***extending and expanding welfare-without-work***
- There are **2.4 million fewer people** employed today compared to pre-pandemic employment rates.
- At least 1.6 million of the new jobs created under Biden are ***the result of people working two or more jobs***.

CLAIM #5

President Biden is helping millions of Americans by cancelling their student debt.

- There is no such thing as “cancelling” student debt. This is a *debt transfer*.
- The Biden Administration is forcing Americans who either didn’t go to college or who already paid off their loans to now take on this added burden.
- According to NTU’s analysis with the latest CBO score, “the loan cancellation and IDR now amounts to a *cost per taxpayer of \$3,526.*”
- CBO’s latest estimate shows that the new Biden student loan scheme (the SAVE Plan) will *add \$260.7 billion to the federal debt.*

CLAIM #6

President Biden has solved the inflation problem.

- Not true. Families continue to feel an acute budget crunch, since the *price of the goods they consume have outpaced family income growth* over the past three years.
- The Consumer Price Index (CPI-U) is up 18% since January 2021.
- EPIC analysis shows that the total growth in the Consumer Price Index (CPI) since 2021 far outstrips the total growth in average weekly earnings.
- Also untrue is the claim that the Biden Administration has tamed the drivers of inflation. In fact, Biden’s policies helped drive inflation.
- EPIC analysis shows that the root driver of our latest bout with inflation has been deficit spending, which continues virtually unabated.

CLAIM #7

The IRS's \$80 billion slush fund to add an army of 87,000 agents is paying dividends.

- The new collections cited by the IRS fall well short of projected revenues attributable to the enhancement of IRS resources.
- The \$160 million collected in FY 2023 was just 5.5% of the \$2.919 billion the Congressional Budget Office (CBO) projected would be collected through FY 2023.
- With just \$360 million in revenues attributable to the Inflation Reduction Act (IRA) in the first quarter of FY 2024, *the IRS has collected less than 5% of the \$7.794 billion projected* by CBO for the current fiscal year.
- EPIC’s analysis shows that even if the IRS doubles the current pace of its collections, the *\$80 billion IRS slush fund could end up adding to the federal deficit over the next decade* rather than achieving the promised deficit reduction.

CLAIM #8

The Biden Administration has been a responsible steward of the taxpayers' money.

- The Biden Administration reported a total of \$764 billion in improper payments in just three years. *That’s more than \$5,800 per household.*
- The \$236 billion in improper payments in 2023 alone was *even more than the \$185 billion spent on the U.S. Army.*

CLAIM #9

The Biden Administration has returned standards to federal government operations.

- Rather than governing from the center, as promised, the Biden Administration has pursued an *extreme, partisan, ideological policy agenda* across nearly every domain of public policy.
- The Biden Administration has even *politicized the foundations of policymaking* by completely rewriting the core rules of economic analysis that for decades have informed the development of new regulations. Rather than listening to experts and upholding the longstanding, bipartisan, objective principles of analysis, the new Biden standards make most new regulations falsely appear to yield tremendous benefits at almost no cost to the public.



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