



## **NDN Analysis: The Fiscal Impact of the New Boehner Economic Plan**

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Last week, NDN issued a fiscal analysis of the five point economic plan<sup>1</sup> outlined by House Minority Leader John Boehner in a speech in Cleveland, Ohio. Since that time, clarifications regarding his spending plans and a new CBO analysis have made providing an update worthwhile. The following brief analysis examines the impact of John Boehner's stated plans on the federal budget deficit and the national debt over the next ten years.

### The Fiscal Impact of the Boehner Plan

#### **1. Fully Extend the Bush Tax Cuts.**

Increase deficits and debt by \$3.8 trillion over ten years.<sup>2</sup>

#### **2. Have the president veto the Employee Free Choice Act, a carbon tax or cap and trade, and "any other tax increases on families and small businesses" if passed during a lame-duck session of Congress.**

Unable to assess impact of hypotheticals, but the provision impairs ability to address deficits and debt, including the potential loss of \$624 billion in revenue over ten years from a carbon regime.<sup>3</sup>

#### **3. Health Care Agenda: Repeal the entire Patient Protection and Affordable Care Act/Repeal the provision in healthcare reform mandating that small businesses file IRS 1099 forms on purchases of over \$600.**

In his Cleveland speech, Boehner called for the repeal of what some call the "1099 mandate" as included in the Patient Protection and Affordable Care Act in order to close the business tax gap. This would increase the deficits and debt by \$17 billion over ten years per Congressional Budget Office estimate.<sup>4</sup> However, since our last analysis, the Congressional Budget Office has released an analysis of the costs of repealing the entire Patient Protection and Affordable Care Act. Boehner has

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<sup>1</sup> <http://gopleader.gov/News/DocumentSingle.aspx?DocumentID=204035>

<sup>2</sup> <http://www.nytimes.com/2010/08/11/us/politics/11tax.html>

<sup>3</sup> <http://www.gpoaccess.gov/usbudget/fy10/pdf/summary.pdf>

<sup>4</sup> <http://thehill.com/blogs/healthwatch/health-reform-implementation/110897-johanns-touts-bill-repealing-expansion-of-1099-reporting->

previously referred to repealing this legislation as his “No. 1 priority.”<sup>5</sup> Doing so would add \$455 billion to the deficit over the next ten years.<sup>6</sup>

#### **4. Reduce non-defense discretionary spending to 2008 levels.**

In 2008, non-defense discretionary spending was approximately \$522 billion.<sup>7</sup> Boehner’s office has stated it wants a “hard cap” on such spending and claims a total of \$340 billion in savings over ten years, but does not document such savings. Our analysis reveals that, against current policy<sup>8</sup> such a hard cap would actually yield a savings of \$67 billion over ten years. Most of these savings come at the end of the decade. Against the President’s budget, which includes a three year freeze on non-security discretionary spending, savings are negligible.

#### **5. Resignations of the President’s economic team, starting with Secretary of the Treasury Geithner and National Economic Council Director Larry Summers.**

The position of NEC Director is not Senate confirmed, so it is fair to estimate that it would take the Administration two weeks to fill that position. Estimating for the taxes paid on his \$172,000 annual salary<sup>9</sup>, two weeks without an NEC Director would save the Federal government between \$5000 and \$6000.

Treasury Secretary Timothy Geithner makes an annual salary of \$191,300.<sup>10</sup> Because he is Senate confirmed, it is safe to estimate that it will take two months for his confirmation. Therefore, two months without a Treasury Secretary would likely save the Federal government between \$25,000 and 26,000. Therefore, these resignations amount to a fiscal impact of \$30,000 - \$32,000 of deficit reduction over the next two months.

**Total Fiscal Impact of the Boehner Plan:** Increase Deficits and Debt by roughly \$4.188 trillion over ten years.

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<sup>5</sup> <http://www.politico.com/news/stories/0410/35678.html>

<sup>6</sup> <http://www.cbo.gov/ftpdocs/118xx/doc11820/CrapoLtr.pdf>

<sup>7</sup> <http://www.whitehouse.gov/sites/default/files/omb/budget/fy2011/assets/hist08z7.xls>

<sup>8</sup> <http://www.whitehouse.gov/sites/default/files/omb/budget/fy2011/assets/tables.pdf> (table S-3)

<sup>9</sup> <http://www.newsweek.com/2010/07/14/the-highest-paid-white-house-staffers.html>

<sup>10</sup> <http://www.bloomberg.com/apps/news?pid=newsarchive&sid=azNJ3FDM3qwA&refer=bondheads>

## The Boehner Plan and the Deficit

