

Fleshing Out a Plan to Expand Government's Role

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President Obama, accompanied by Peter Orszag, left, and Deputy OMB Director Rob Nabors delivers remarks on cuts in his budget plan.

WASHINGTON -- President Barack Obama released details of his \$3.6 trillion fiscal-2010 budget Thursday, showing how he would expand the government's reach with programs ranging from a low-cost housing trust fund to adding 50,000 cops on the beat to spreading automatic 401(k) enrollments.

What remains unclear in the nearly 1,500 pages is how the president would try to narrow the gaping federal deficit.

The added cost of new programs detailed in Mr. Obama's budget appendix will swamp the \$17 billion of potential savings anticipated from eliminating or cutting back 121 programs, enumerated in a separate document. At a time when state and local governments are slashing services, the Obama budget for 2010 shows little real sign of belt-tightening.

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Some of Mr. Obama's proposals to trim spending may not make it past powerful members of Congress. The president, for example, calls for phasing out payments to farmers with sales exceeding \$500,000 a year -- a proposal Congress already signaled it wouldn't support.

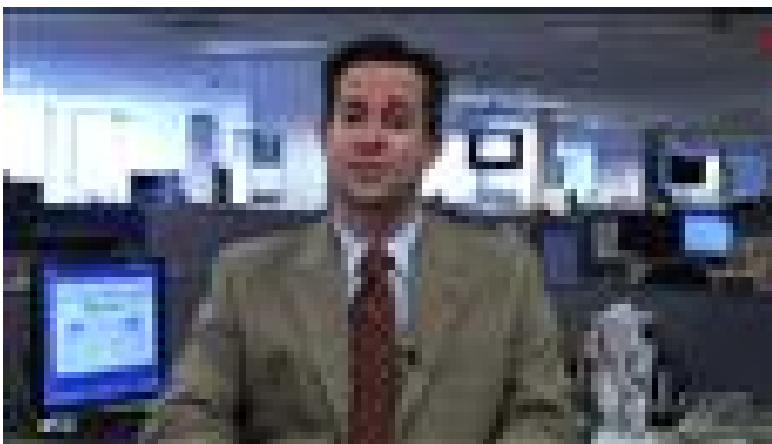
"That won't go anywhere, it will not fly," said Montana Sen. Max Baucus, chairman of the Senate Finance Committee. "I'm surprised it's still in there."

Republicans scoffed at Mr. Obama's stab at budget-cutting. Sen. John Cornyn (R., Texas) dismissed the blueprint as "one big shell game....I don't see any tough choices being made."

The president's budget request begins a lengthy annual process in which 12 House and 12 Senate appropriations subcommittees draft detailed government-spending plans. While lawmakers tend to make changes at the margins, the bulk of a president's budget usually passes largely intact, and Mr. Obama has already gotten a jump start with approval last month of the budget blueprint into which the latest details must fit.

The Obama budget details drastic changes in areas as diverse as sex education and arms control after eight years of former President George W. Bush's conservative priorities. Mr. Bush's program to promote only sexual abstinence to teens, for instance, would be replaced with a teen-pregnancy prevention program that would discuss contraception. The decades-long effort to build a nuclear-waste dump at Yucca Mountain, Nev., would be terminated -- a conclusion favored by home-state Sen. Harry Reid, the chamber's majority leader.

As Mr. Obama tries to revive nuclear-arms control after a decade of dormancy, he would end efforts to build a new nuclear warhead for the aging U.S. atomic arsenal. And he would spend \$1 billion to create an agency to oversee a national direct-deposit retirement-savings system.



[Click on above photo to start related video on the pending budget cut fight.](#)

Budget cuts detailed by the Obama administration Thursday set the President up for some fights down the road, WSJ's Jonathan Weisman reports. Despite cutbacks in 121 programs, the country's forecast deficit is still over a trillion dollars.

The White House's attempt to eliminate the Justice Department's State Criminal Alien Assistance Program is another lightning rod. The administration says the \$400 million could be better used elsewhere and points out that it plans to hire more border-patrol agents and more quickly deport illegal immigrants who commit crimes.

But when the Bush administration tried to axe the program, critics included then-Arizona Gov. Janet Napolitano, who is now homeland-security secretary. At a briefing Thursday, a Justice Department official acknowledged the effort to scrap the "criminal alien" program would likely be ignored by lawmakers.

"What we're trying to do is reorient government activity toward things that work," said White House Budget Director Peter Orszag, playing down the idea that the administration's trims could achieve major deficit cuts.

The White House on Monday will release a revised deficit projection to take into account technical and economic changes that will almost certainly widen its February forecasts of a record deficit of \$1.8 trillion for fiscal 2009, and \$1.2 trillion in the fiscal year that begins in October.

Even if the president could eliminate the entire defense budget, along with domestic discretionary programs in 2009, the \$1.3 trillion of savings would still leave a \$445 billion budget deficit.



President Obama's budget details drastic changes in areas as diverse as sex education and arms control. It remains unclear how the deficit might be cut.

Entitlement programs such as Medicare, Medicaid and Social Security, along with this year's Wall Street bailout costs and \$148 billion for interest payments on the federal debt, will total \$2.3 trillion in the current fiscal year -- 60% of the budget. The president acknowledged the problem Thursday when he cited "challenges that will require us to make health care more affordable and to work on a bipartisan basis to address programs like Social Security."

The administration's policy goals are highlighted in programs it proposed to double over the next few years: foreign aid; cancer research; the number of children served by Early Head Start; community-development lending in poor areas; and federally funded science research.

Mr. Obama also proposes initiatives to benefit poor people: a plan to end childhood hunger by 2015; a \$1 billion trust fund to develop and rehabilitate housing for very low-income residents; and \$250 million to help transform extremely impoverished neighborhoods into mixed-income areas. He also wants a \$2.5 billion fund to help low-income students complete college.

More cops would be put on the beat -- and not only the kind who patrol in cities and towns. Mr. Obama aims to add regulators at the Occupational Safety and Health Administration and agents at the Internal Revenue Service, among others.

The president will try to take advantage of the retirements and defeats of some powerful lawmakers, such as former Sen. Ted Stevens of Alaska, to eliminate programs they guarded zealously. Road-building under Mr. Stevens's Denali Access System and the Alaska-specific Denali job-training effort would be closed down to save \$9 million.