



## The Daily Dish

# PFLWBBAF

DOUGLAS HOLTZ-EAKIN | DECEMBER 1, 2021

No, PFLWBBAF is not what the dog sounds like at 3 a.m. after she has eaten something hideous on her evening walk (but it's close). Neither is PFLWBBAF a symptom of the Omicron variant. Since everything that is anything inside the Beltway is an acronym, PFLWBBAF is Playing Fast and Loose With Build Back Better Act Facts – also known as “a Yellen.”

Here is the Secretary of the Treasury testifying yesterday before the Senate Banking Committee: “..President Biden was very clear when he proposed the Build Back Better plan, that it should be fully financed, as the infrastructure bill was, and that is what CBO found, that the fiscal plans that the Biden Administration have put forth in infrastructure and Build Back Better will not worsen the debt or deficit path.”

Unfortunately, [here](#) is the cost estimate of the infrastructure bill from the Congressional Budget Office (CBO): “The Congressional Budget Office estimates that over the 2021-2031 period, enacting Senate Amendment 2137 to H.R. 3684 would decrease direct spending by \$110 billion, increase revenues by \$50 billion, and increase discretionary spending by \$415 billion. On net, the legislation would *add \$256 billion to projected deficits* over that period.” (Emphasis added.) And [here](#) is the CBO cost estimate summary (in Excel format) for the Build Back Better Act (BBBA) as it passed the House of Representatives, with the summary: “CBO estimates that enacting this legislation would result in a *net increase in the deficit totaling \$367 billion* over the 2022-2031 period, not counting any additional revenue that may be generated by additional funding for tax enforcement.” (Again, emphasis added.)

CBO most clearly did not say both the infrastructure and Build Back Better acts were fully paid for. Indeed, when one factors in the CBO estimate of \$200 billion for additional tax enforcement, CBO clearly said that neither was fully paid for. Nevertheless Secretary Yellen repeatedly tried to wrap the good name of CBO around the administration's red ink. Not true.

But she was just getting warmed up. Here is her take on the economic implications of BBBA: “Senator, I believe that it will succeed in having that impact. One of the reasons that labor force participation ... of especially of women in the United States is now lower than that in many developed countries. Once upon a time, we were the leader. Now we've fallen behind. And a major difference between the United States and other developed countries is our support for child care, paid leave, things that enable women to participate in the labor market. And so I believe the provisions, the subsidies for child care and the universal two years of pre-k ... both of those things, I believe, will enhance labor force participation. There are a number of studies that show that. The Treasury Office of Economic Policy recently issued a paper that summarized some of the evidence.”

By the way, these are the same economic implications for which the administration cites the support of [17 Nobel Prize-winning economists](#). Putting in place the constellation of universal pre-k, child care subsidies, paid leave, earned income tax credit, and child credit over the long term is the key to getting these outcomes.

But here's the rub: These programs aren't around for the next 10 years. As a budgetary gimmick, the BBBA contains a series of sunsets that make nearly all of these programs disappear in the next several years. If those sunsets are eliminated, the BBBA spends \$4.2 trillion, collects \$1.3 trillion in taxes and raises the deficit by

\$2.9 trillion over the next 10 years. The Secretary, the Biden Administration, and the supporters in Congress can't have it both ways: If they want to claim some beneficial economic impact, they own the massive increase in the deficit. If they want to claim that there is no (large) impact on the deficit, they have to acknowledge that the economic benefits are invisible as well.