



The Daily Dish

The President's (Campaign) Budget

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President Biden released his Fiscal Year 2025 Budget [proposals](#) yesterday at noon, and AAF's Gordon Gray has already [covered the numbers](#). To the surprise of nobody, the President's Budget is not a serious fiscal policy document. It does not stabilize the federal debt – even relative to gross domestic product (GDP) – and does not attempt to [slow the growth](#) of Social Security or Medicare. Thus, it is not possible to take it seriously as fiscal policy.

The press will focus on the trillion-dollar tax hikes in various forms on corporations and high-income, high-wealth individuals, but it is also full of shiny policy trinkets that either should not happen or will not happen politically. Still, it will sound great on the campaign trail. In this way, the President's Budget is just student loan forgiveness on steroids.

Take, for example, the new subsidies to homeowners, breathlessly described as thus:

The Budget proposes a new Mortgage Relief Credit to help increase access to affordable housing. The proposal includes a new tax credit for middle-class first-time homebuyers of up to \$10,000 over two years to ease affordability challenges. In addition, to unlock starter home inventory and allow middle-class families to move up the housing ladder and empty nesters to right size, the President is calling on Congress to provide a one-year tax credit of up to \$10,000 to middle-class families who sell their starter home.

A look at the details in the [Treasury Green Book](#) reveals that the tax credit is equal to 10 percent of the purchase price up to a maximum of \$10,000, “middle class” means between \$100,000 and \$200,000 of “modified adjusted gross income,” and “first-time” means that you haven't owned a home in the past three years. In the case of the seller credit, a “starter home” is one between 80 and 100 percent of the median sales price in the area.

Why does this make sense? There are already subsidies (mortgage interest deductions and property tax deductions) for homeowners, raising the question: What is wrong with renting? (Don't worry, the President's Budget throws hundreds of billions of dollars at renters as well.) And why should we subsidize this particular slice of relatively affluent Americans? And why now? There is no attempt to defend the proposal, because there isn't any defense on either economic efficiency or fairness grounds.

The president's proposal to cap out-of-pocket drug costs at \$2,000 for everyone is a similar mess. This is a flat-out mandate on every private-sector health policy. To what end? How many people – under the Medicare eligibility age – have drug costs over \$2,000? For that small fraction, how much more than \$2,000? Those “benefits” matter because insurance premiums will have to rise for everyone. (This, from the administration that can't get through a sentence without claiming it spends every day lowering costs for taxpayers. Right.)

And, by the way, what is so special about drug costs? Are surgeries not real medical expenses? Isn't the

administration in favor of prevention and regular checkups? Why does it matter how one gets to the \$2,000 total? It's an incoherent mess.

Don't read the President's Budget. Your brain cells are too valuable. But know that you are not missing anything regarding the legislative future, as these ideas are never meant to grow into anything more than a successful re-election campaign.