



**EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503**

February 28, 2013
(Senate)

STATEMENT OF ADMINISTRATION POLICY

S. 16 – Cancellation of Budgetary Resources

(Senator Inhofe, R-OK and Senator Toomey, R- PA)

The Administration strongly opposes S. 16, which would protect tax loopholes for the wealthy and congressional pork barrel projects and would lock in severe cuts that threaten hundreds of thousands of middle class jobs and slash vital services for children, seniors, and our troops and military families. Rather than proposing a comprehensive solution to avoid the cuts and their harmful impacts to the economy, this bill would cancel \$85.3 billion in budgetary resources in FY 2013 and purportedly provide the President with flexibility in executing the reductions. While no amount of flexibility can avoid the fact that middle class families will bear the brunt of the cuts required by this bill, nothing is asked of the wealthiest Americans. There is no way to cut spending this dramatically over a seven month period without drastically affecting national security and economic priorities. Moreover, S. 16 would explicitly protect pork barrel spending and, in so doing, would reduce the President's ability to protect national security. At the same time, the bill would preserve every single unwarranted tax expenditure, while putting on the table cuts to Medicare, education, and other priorities. This bill is an effort to shift the focus away from the need for the Congress to work toward a bipartisan compromise that would avoid sequestration. The Congress must act responsibly to avert sequestration through balanced deficit reduction and stop endangering the Nation's economic recovery.

On multiple occasions, the President has laid out his plan for reducing the deficit in a balanced way. Working together with the Congress, the President has made significant progress in this regard, enacting more than \$2.5 trillion in deficit reduction over the past two years. The vast majority of this progress has come in the form of spending cuts, with more than two dollars in spending cuts for every one dollar in additional revenue. The President believes the Congress should work on a balanced plan for further deficit reduction that would create the opportunity to help the economy and protect the middle class by bringing down the debt as a share of the economy, reforming entitlements, and reforming the tax code. S. 16 would instead harm all of these priorities.

If the President were presented with S. 16, his senior advisors would recommend that he veto the bill.

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