

President Obama strongly defended his \$3.7 billion blueprint for federal spending in a news conference on Tuesday, rejecting criticism that he should have proposed a more specific plan to reduce the long-term budget deficit.

Obama's plan would trim or kill more than 200 federal programs and raise taxes on the wealthy and businesses to free up funds for education, transportation and research. Republicans, who are demanding deeper spending cuts, say the plan doesn't go far enough to tackle the nation's record deficit.

Speaking after his budget director and treasury secretary faced sharp questioning by Republicans on Capitol Hill, Obama denied that his budget does little to address the big entitlement programs - Medicare, Medicaid and Social Security -- that together account for more than 40 percent of federal spending.

"I'm confident we can get Social Security done in the same way that Ronald Reagan and Tip O'Neill were able to get it done: by parties coming together, making some modest adjustments," Obama said. "I think we can avoid slashing benefits, and I think we can make it stable and stronger for not only this generation, but for the next generation."

He did not offer details on how he would reform entitlement programs and would not endorse specific proposals from the fiscal commission that he created last year, which released a bipartisan report on deficit reduction in December.

Obama hinted he has already started talking to GOP leaders about entitlement reform, although neither side has discussed details of such talks.

"I was glad to see yesterday Republican leaders say: How come he didn't talk about entitlements?" Obama said. "I think that's progress, because what we had been hearing made it sound as if we - if we just slashed deeper on education or, you know, other provisions in the -- in domestic spending, that somehow that alone was going to solve the problem. So I welcome -- I think it was significant progress that there is an interest on all sides on those issues."

On Tuesday afternoon, House Republican leaders announced that their federal budget for the 2012 fiscal year will include reform proposals for Medicare, Medicaid and Social Security. Obama's budget "punts on entitlement reform and actually makes matters worse by spending too much, taxing too much, and borrowing too much -- stifling job growth today and threatening our economic future," said a statement from House Speaker John Boehner (Ohio), Majority Leader Eric Cantor (Va.), Majority Whip Kevin McCarthy (Calif.), House Republican Conference Chairman Jeb Hensarling (Texas) and House Budget Committee Chairman Paul Ryan (Wis.) .

White House budget director Jacob Lew and Treasury Secretary Timothy F. Geithner faced heat from Republicans over the budget plan during House committee hearings on Tuesday.

At a hearing before the House Budget Committee, Ryan demanded that Lew explain why Obama failed to take the advice of his own deficit commission to offer a comprehensive strategy for paying down the soaring national debt.

"Why did you duck?" Ryan asked. "If George Bush brought this budget to the House, I would say the exact same thing. . . . We agree on the size and the scope and the nature of the problem. So, why did you duck? Why are you not taking this opportunity to lead?"

Lew responded in measured tones, saying that the president had achieved the goal he had set for the commission to reduce deficits to 3 percent of the economy by the middle of the decade. Deficits of that size would stabilize borrowing as a percentage of the economy, causing the national debt - which has doubled over the past three years - to stabilize at 76 percent of gross domestic product.

The president has called his budget blueprint "a down payment" toward fiscal solvency, Lew said. He said that Obama has "acknowledged that we need to work together" to address the biggest drivers of the national debt, including Social Security, Medicare and an inefficient tax code.

"I know we're going to have a serious debate about priorities," Lew said. But "if our goal is to get to a sustainable deficit by 2015, our budget puts down a comprehensive path."

Republicans also blasted the president for recommending higher taxes for businesses and top earners, for failing to actually balance the budget - as Lew did when he was budget chief under President Bill Clinton - and for proposing to significantly expand the federal workforce when voters are clamoring for smaller government.

**"Seriously? You want to increase the number of federal employees now?" inquired Rep. John Campbell (R-Calif.).**

Lew said the new hires would come in areas such as airport security, in which "new missions" have bipartisan support. The overall budget, he repeated again and again, is a "down payment" that stabilizes the nation's finances and stops the bleeding.

If Republicans want to do more, Lew said, they can work with the White House.

"We're trying to leave as much open for discussion so we can actually reach agreement," Lew said. "We're deliberately leaving room for that conversation."

House Ways and Means chairman Rep. Dave Camp (R-Mich.) wasted no time Tuesday lambasting the White House proposal when Geithner appeared before his committee.

"Frankly, this budget is a missed opportunity," Camp said, arguing that the plan would "result in record high deficits while pushing the federal tax burden to over 20 percent of our economy, a level never sustained in our nation's history." More borrowing, taxing and spending is certainly not the answer to what ails our economy.

He said the budget offers few new ideas and doesn't truly address the problems facing the economy.

"As I look through this budget proposal, I am left wondering if there wasn't a printing error, because it looks almost identical to last year's budget," Camp said. He argued that the plan includes tax increases that would hit small businesses and ordinary Americans but does not detail how Obama would simplify the tax code or handle entitlement spending.

"There are platitudes about tax reform but tax policy proposals that move in the opposite direction," Camp said. "There is nothing on entitlement reform, and there is little more than lip service about getting the deficit under control."

In his prepared remarks, Geithner said the proposal "presents a detailed plan to cut spending and reduce deficits and cuts non-discretionary spending to its lowest level as a share of the economy since Dwight Eisenhower was president."

House Democratic leaders pushed back against the Republican criticism on Tuesday, saying that many Republicans who are attacking the president for not heeding the advice of the deficit commission had opposed the panel's creation, as well as some of its recommendations.

"I think it's at least a little bit opportunistic for Republicans who opposed the formation of the bipartisan deficit and debt reduction commission -- and then when every Republican in the House voted against it -- to be criticizing the president for not including more of the recommendations that they themselves voted against," Rep. Chris Van Hollen (D-Md.), the ranking member on the House Budget Committee, said.

Van Hollen was referring to the three House Republicans on the deficit commission who last year voted against the panel's plan, which would trim the deficit by \$4 trillion over the next decade. Two of the three House Democrats on the panel also voted against its recommendations.

Before announcing their plan to work on entitlement reform, Boehner and other GOP leaders drew a contrast between the White House budget and the proposal by House Republicans to cut \$61 billion from the remainder of this year's budget.

The House cuts are "focused on creating a better environment for economic growth and job creation," Boehner said. "There are more cuts to come, in contrast to the Obama Administration's request to increase the national debt limit and keep the spending binge going.

Democrats countered that Republicans had not lived up to their claims of fiscal responsibility.

"We turned a deficit into a surplus under President Clinton, and Republicans squandered it right back into a record deficit," Jon Summers, a spokesman for Senate Majority Leader Harry Reid (D-Nev.), said in a statement. "When it comes to cutting spending, the question is not who can cut the most without regard for the consequences, but who can cut the smartest."

Top Obama officials are scheduled to appear all week on Capitol Hill to defend the president's budget, which has been widely panned for its timidity toward bringing down record budget deficits. On Tuesday afternoon, Lew is scheduled to appear before the Senate Budget Committee. Geithner has another House panel appearance and two Senate committee hearings.