

Free budget review essay example

[Economics](#), [Budget](#)



The budget of the country or an organization is the difference between the money the country receives and the money it spends. The budget of a country reflects the country's financial status. Budget review is the process of evaluating and assessing budget so that it can articulate with the current economic reality of the country (Mayer, 2002). This essay is a summary of a budget simulation exercise that I conducted. The aim of the budget simulation exercise was to examine whether one is capable of stabilizing the national budget at 60% of the GDP.

CHOICES and REASONS

- Reduce troop levels to three thousand by 2017. I made this choice because once the military troop levels is reduced, the amount spent in operations would drop from the current \$92 billion to \$62 billion to \$46 billion by 2016. The amount of military spending will go down gradually as the number of troops is reduced ensuring less spending.
- Reducing discretionary spending, reducing optional spending will preserve the mandatory spending sequester and rapidly reduce the spending below sequester levels. This choice will shift the prescribed sequester levels cuts to non-defense spending from defense spending.
- Replacing Joint the joint strike fighter program with F/A-18s and F-16s. The F/A-18s and the F-16s aircrafts are cheaper to produce compared to the joint strike fighter. The reason for choosing this option is because it results in a significant cost saving. These two aircrafts are not as advanced as the joint strike fighter but, they can equally perform the task.
- Reducing US Navy fleet of ships to two hundred and thirty; the navy fleet of ships is currently overwhelming. The ships are more than enough; I believe

that by reducing the fleet, taxpayers' money will be saved, instead of increasing the fleet numbers.

- Increasing education funding to 10% each year; even though this choice will mean an increase in education spending, I still chose it because education is among the pillars of building the economy. Educating the citizens, in the long run, will ensure success of the economy.

- Use of accurate measure of inflation. I made this choice because I believe the consumer price indexing (CPI) formula overstates inflation. Since, every year recipients of social security receive a cost of living adjustment, it is necessary that an accurate formula of inflation is used. The supported formula is the chained consumer price indexing which will offer accurate inflation measure. Estimations show that this new formula of calculation will result in 0.3 percent annual COLA points less on average.

- Establishing public option in the health exchanges; the healthcare reform legislation created health insurance exchange in 2010. The reform introduced a public option which is to be administered by federal government so that it competes with private plans. Low premiums for the public option in certain places would result in savings and also, lowered figures in health insurance coverage. Although this option may be seen as introducing hardships, it will save the economy money in the long run.

- Modernizing cost sharing for Medicare; Medicare cost sharing is currently not uniform and varies depending on the nature of hospital, and the kind of services offered. This choice will ensure aligning the sharing scheme so that the cost sharing is uniform for all the services provided. In the long run, the beneficiaries would realize savings from lower utilization and lower

premiums paid for Medigap policies, this means they will be off financially. I did not consider the political impact when making my decisions. The decisions I made were purely based on the well-being of the citizens and the growth and stabilization of the economy. If I were to consider the political impact of my choices than I would have been discriminative in making my choices. The decisions I made were also those that are easily achievable. It may also be claimed that I did not consider the political impact of my choices, because am not a politician, but an ordinary citizen who only looks out for the fellow citizens.

Conclusion

Budget review is urgently needed so as to save the economy which is threatening to fall years to come. The amount the country owes is too much, and something should be done to reduce these amounts, or we risk a drop in the economy which we've struggled to build over the years.

Work Cited

Annette E. Mayer, 2002 Evolution of United States Budgeting, Greenwood Publishing Group.

The Committee for Responsible Federal Budget, 2014 Stabilize the Debt, Retrieved on: 1/10/2014 From: <http://crfb.org/stabilizethedebt/>