



RSC Policy Brief: The President's FY 2013 Budget

February 13, 2012

Today, the President submitted his budget request for FY 2012-2022, which proposes \$8.011 trillion of new deficit spending. The following is intended to put the deficit, debt, spending, and tax figures in perspective.

Highlights:

- **Fifteen Highest Budget Deficits in U.S. History:** In all, total proposed deficit spending amounts to \$8.0 trillion over the period covered by the budget submission (FY 2012-2022). The lowest deficit in the budget proposal is \$575 billion in 2018. In the last year of the budget resolution (2022), the deficit would be \$704 billion—which means the budget is not close to balance even after the current recession is long over. By contrast, the highest deficit prior to 2009 was \$459 billion (FY 2008). If the deficit figures proposed by this budget are realized, all *fifteen* of the highest deficits in U.S. history will have occurred from FY 2008-2022. Deficit figures by year:

Federal Budget, FY 2008-2022

In Billions of Dollars

Year	Spending	Tax Revenue	Nominal Deficit	Deficit % of GDP
2008 (actual)	2,983	2,524	459	3.2
2009 (actual)	3,518	2,105	1,413	9.9
2010 (actual)	3,456	2,163	1,293	8.9
2011 (actual)	3,603	2,303	1,300	8.7
2012	3,796	2,469	1,327	8.5
2013	3,803	2,902	901	5.5
2014	3,883	3,215	668	3.9
2015	4,060	3,450	610	3.4
2016	4,329	3,680	649	3.4
2017	4,532	3,919	612	3.0
2018	4,728	4,153	575	2.7
2019	5,004	4,379	626	2.8
2020	5,262	4,604	658	2.8
2021	5,537	4,857	681	2.8
2022	5,820	5,115	704	2.8
FY 12-22 Total	50,775	42,743	8,011	3.8 (average)

- **Fourth Trillion-Dollar Deficit in a Row:** The President's budget proposes a \$1.33 trillion deficit in FY 2012. This follows a \$1.30 trillion deficit in FY 2011, a \$1.29 trillion deficit in FY 2010, and a record-breaking \$1.41 trillion deficit in FY 2009, which followed a then record-breaking \$459 billion deficit in FY 2008.
- **Fifty-Seventh Deficit in Sixty-Two Years:** Under the President's plan, the federal government will have balanced the budget in only five years from 1961 to 2022 (1969, 1998-2001). By contrast, the deficit was balanced in 26 of 60 years from 1901 to 1960 (a period covering two world wars and the Great Depression, among other things).
- **Federal Budget Would NEVER Balance Again:** The President's budget does not just propose large deficits in the short-term, but they actually start increasing again from 2018 to 2022 (as shown above). Beyond that point, the President's proposal to keep entitlement spending unreformed would ensure that the long-term budget outlook is worse. **Under the policies proposed by the President's FY 2013 budget, the federal budget would never balance again.**
- **27.5% Spending Increase Since FY 2008:** Under the President's proposal, total federal spending would increase from \$2.98 trillion in FY 2008 to \$3.82 trillion in FY 2013. This is an increase of \$820 billion or 27.5%.
- **\$10.59 Trillion of New Debt:** The President's budget proposes to increase the national debt from today's level of \$15.35 trillion to \$25.90 trillion in FY 2022—an increase of \$10.59 trillion or 68.9%. The amount of *new* debt proposed by this budget is almost identical to where the entire national debt stood on January 20, 2009.
- **Unprecedented Spending:** The President's budget proposes federal spending of 24.3% of GDP in FY 2012. Prior to the Obama Administration, the highest peacetime figure was 23.5% of GDP in 1983 (federal spending was also higher from 1942 to 1946 because of World War II). Under the President's budget, the federal government would spend \$50.7 trillion from FY 2012 to FY 2022.
- **Increasing Tax Burden:** The President's budget would increase the tax burden from 15.4% of GDP in 2011 to 20.1% of GDP in 2022. For the 2012-2022 period, revenue would average 18.9% of GDP, which—despite the large deficits—is notably above the 40-year average (18.0% of GDP).

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