



REPUBLICAN CAUCUS

## THE COMMITTEE ON THE BUDGET

B-71 Cannon House Office Building  
Washington, DC 20515  
Representative Paul D. Ryan, *Ranking Republican*

Phone: (202)-226-7270  
Fax: (202)-226-7174  
Augustine T. Smythe, *Republican Staff Director*

# More Spending, Higher Taxes, Bigger Deficits & Debt CBO's Re-estimate of the President's FY 2010 Budget

20 March 2009

According to the Congressional Budget Office [CBO], President Obama's budget would lead to higher spending, a larger increase in taxes, and higher deficits and debt than the Obama Administration projected.

- **Spending.**
  - Total spending in 2009 will be over \$4.0 trillion. At 28.5% of gross domestic product [GDP], this will be the highest level since World War II. By 2019, spending is still 24.5% of GDP, about 4 percentage points above the historical average.
  - The budget increases entitlement spending by \$1.4 trillion over 10 years<sup>1</sup>.
- **Taxes/Revenues.** The budget contains \$1.9 trillion in tax increases relative to the Obama current policy baseline.<sup>2</sup>
  - Cap and trade. CBO estimates that the Administration's cap and trade proposal increases revenues by \$629 billion.
- **Deficits.** The estimated 2009 deficit is \$1.8 trillion (13.1% of GDP). Over the entire budget horizon, CBO projects that deficits will be \$2.3 trillion higher than the Obama Administration estimated. Deficits never get below \$600 billion (and never

---

<sup>1</sup> CBO's tables show mandatory spending increasing by \$1.1 trillion over 10 years. Assuming that \$311 billion from tax increases for the health reserve fund are used to increase spending, the increase rises to \$1.4 trillion over 10 years.

<sup>2</sup> House Budget Committee Republican Staff estimates based on CBO data.

fall below 4 % of GDP) and by FY 2019, deficits rise to \$1.2 trillion (5.7% of GDP).

- **Debt.** The budget doubles the debt held by the public in less than 6 years (nearly triples it by the end of the horizon). Debt increases to 56.8% of GDP this year and continues to rise throughout the 10-year period hitting 82.4% by 2019. CBO projects the debt will be \$1.9 trillion higher than the Obama Administration estimated.
- **Economics.** CBO assumes the economy declines more severely this year (-3.0% in GDP) and does not assume as strong a rebound in 2010 (+2.9% in GDP as compared to OMB's estimate of 3.2%). CBO has unemployment rising to 8.8% this year (OMB projects 8.1%) and 9% in 2010 (OMB projects 7.9%).

Table 1: CBO's Re-estimate of the President's Budget

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
CBO Reestimate of Revenue	2,159	2,289	2,586	2,917	3,095	3,231	3,387	3,522	3,669	3,807	3,950
CBO Reestimate of Outlays	4,004	3,669	3,556	3,575	3,767	3,979	4,172	4,417	4,619	4,830	5,139
CBO Reestimate of Deficit	-1,845	-1,379	-970	-658	-672	-749	-785	-895	-949	-1,023	-1,189
CBO Reestimate of Debt (Public)	7,987	9,319	10,292	11,055	11,770	12,628	13,508	14,491	15,523	16,013	17,277

Table 2: CBO's Re-estimate of the President's Budget Compared to OMB's Estimate

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2010-19</u>
Deficits												
Deficits Projected by OMB	-1,752	-1,171	-912	-581	-533	-570	-583	-637	-636	-634	-712	-6,969
Deficits Projected by CBO	-1,845	-1,379	-970	-658	-672	-749	-785	-895	-949	-1,023	-1,189	-9,270
Delta (OMB vs CBO)	93	208	58	77	139	179	202	258	313	389	477	2,301
Debt Held by the Public												
Debt by Public (OMB)	8,364	9,509	10,436	10,985	11,505	12,070	12,659	13,297	13,932	14,557	15,370	
Debt by Public (CBO)	7,987	9,319	10,292	11,055	11,770	12,628	13,508	14,491	15,523	16,013	17,277	
Delta (OMB vs CBO)	377	190	144	-70	-265	-558	-849	-1,194	-1,591	-1,456	-1,907	