



RSC Policy Brief: Highlights of the President's FY 2011-2021 Budget Proposal

February 15, 2011

Yesterday, February 14, 2011, the President submitted his budget request for FY 2011-2021 which proposes: \$8.9 trillion of new deficit spending, a tripling of the public debt, and \$1.6 trillion worth of tax increases over the period covering the budget submission. The following is intended to put the deficit, debt, spending, and tax figures in perspective.

Highlights

- **Fourteen Highest Deficits in U.S. History:** In all, total proposed deficit spending amounts to more than \$8.9 trillion over the period covered by the budget submission (FY 2011-2021). The lowest deficit in the budget proposal is \$607 billion in 2015. In the last year of the budget (2021), the deficit would be \$774 billion—which means there is no effort to balance the budget even after the current recession, and the wars in Afghanistan and Iraq, are 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 *fourteen* of the highest deficits in U.S. history will have occurred from FY 2008-2021. Deficit figures by year:

Federal Budget, FY 2008-2021

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	3,819	2,174	1,645	10.9
2012	3,729	2,627	1,101	7.0
2013	3,711	3,003	768	4.6
2014	3,977	3,333	645	3.6
2015	4,190	3,583	607	3.2
2016	4,468	3,819	649	3.3
2017	4,669	4,042	627	3.0
2018	4,876	4,257	619	2.9
2019	5,154	4,473	681	3.0
2020	5,422	4,686	735	3.1
2021	5,697	4,923	774	3.1
FY 11-21 TOTAL	49,771	40,910	8,850	4.4

- **Third and Fourth Trillion-Dollar Deficits in a Row:** The President's budget proposes a **\$1.65 trillion** deficit in FY 2011, and then a \$1.1 trillion deficit in FY 2012. This follows a \$1.29 trillion deficit in FY 2010, a record-breaking \$1.41 trillion deficit in FY 2009, which followed a then record-breaking \$459 billion deficit in FY 2008.
- **28.0% Spending Increase Since 2008:** Federal spending has increased from \$2.98 trillion in FY 2008 to a proposed \$3.82 trillion in FY 2011. This is an increase of \$836 billion or 28.0%.
- **Annual Deficits Turn Into Monthly Deficits:** In the four years of budgets under the control of a Democrat Congress (FY 08-11), deficit spending will amount to \$4.8 trillion. By contrast, it took twelve years (FY 96-07) for the previous Republican Congress to create total deficits of \$1.2 trillion. ***The annual deficits under the previous Republican Congress (FY 96-07) became monthly deficits under the Democrat Congress (FY 08-11).***
- **Democrat Congress Record on Deficits—From Projected \$800 Billion Surplus to \$9.2 Trillion Deficits:** The same month Democrats took control of Congress (January 2007), CBO projected an \$800 billion surplus over the ten-year period FY2008-2017. Today, covering the same period—including the actual deficits from FY 2008-2010—as well as what the President proposes in his budget for fiscal years 2011 through 2017, **that \$800 billion surplus turns into a \$9.2 trillion deficit.** This is a \$10 trillion worsening of the budget outlook in four years of Democrat control of the Congress. This is the budget picture the 112th Congress inherits.
- **\$12.2 Trillion of New Debt:** The President's budget proposes to increase the national debt from today's level of \$14.2 trillion to \$26.4 trillion in FY 2021—an increase of \$12.2 trillion or 86.0%. **The amount of *new* debt proposed by this budget is larger than the total amount of debt accumulated by the federal government from 1789 until January 20, 2009.**
- **Triples the Public Debt:** The budget would triple the public debt (not including debts to government trust funds, such as Social Security) from \$5.8 trillion in FY 2008 to \$17.6 trillion in FY 2021.
- **Record Spending:** The President's budget proposes federal spending of 25.3% of GDP in 2011 and 23.6% of GDP in 2011. Except for the first two years of the Obama Administration, and World War II, these would be the two largest spending levels as a percentage of GDP in U.S. history. The budget then proposes to keep federal spending at a historically high level through the ten-year budget window. The lowest spending total is 22.3% of GDP in 2015, which is still higher than any spending level since 1986. Over the 2011-2021 period, the President's budget proposes an average spending level of 23.0% of GDP—this compares to a 20.8% of GDP spending average over the previous 40 years.
- **\$1.6 Trillion Tax Increase:** Included in this figure, the President's budget calls for a \$919 billion income tax increase (resulting from allowing the top tax rate to increase to 39.6%) on income taxes, a \$118 billion death tax hike, and a \$435 billion tax increase for transportation. (*Source:* [House Budget Committee](#)). Also, for more specific information on the proposed tax increases, see [this](#) analysis from Americans for Tax Reform.
- **Increasing Tax Burden:** The budget proposal would increase the tax burden from 14.4% of GDP in 2011 to 20.0% of GDP by 2021. For the 2011-2021 period, revenue would average 18.6% of GDP—which despite the large deficits—is above the 40-year average (18.0% of GDP).

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