

RSC Policy Brief:

Highlights of the President’s FY 2009-2019 Budget Proposal

February 26, 2009

Highlights

- **Increases National Debt by \$12.3 Trillion:** The President’s FY 2010 budget proposes to increase the national debt from today’s level of \$10.8 trillion to \$23.1 trillion in FY 2019—an increase of \$12.3 trillion or 113.9%. **The amount of new debt proposed by this budget is larger than the total amount of debt accumulated by the federal government from 1789 to today.**

- **Proposes the Highest Eleven Deficits in U.S. History:** The lowest deficit in this budget proposal is \$533 billion in 2013. By contrast, the highest deficit prior to 2009 in all of U.S. history was last year’s deficit of \$459 billion. If the deficit figures proposed by this budget are realized, all eleven of the highest deficits in U.S. history will have occurred during the period covered by the President’s budget request, FY 2009-2019. Deficit figures by year:

Table: President’s Budget, FY 2009-2019

In Billions of Dollars

Year	Spending	Tax Revenue	Nominal Deficit	Deficit % of GDP
2008 (actual)	2,938	2,524	459	3.2
2009	3,938	2,186	1,752	12.3
2010	3,552	2,381	1,171	8.0
2011	3,625	2,713	912	5.9
2012	3,662	3,081	581	3.5
2013	3,856	3,323	533	3.0
2014	4,069	3,500	570	3.1
2015	4,258	3,675	583	3.0
2016	4,493	3,856	637	3.2
2017	4,678	4,042	636	3.0
2018	4,868	4,234	634	2.9
2019	5,158	4,446	712	3.1

- **\$8.6 Trillion Deterioration to Nation’s Budget Outlook:** In January 2007, the same month Democrats took control of Congress, CBO projected that the federal government would run a

budget *surplus of \$800 billion* over ten years (covering the period from 2008-2017). Twenty-five months later, when the effect of policies enacted by the Democrat-controlled 110th Congress (plus the first couple of months of the 111th Congress) are combined with what is proposed in this budget, the federal government is now projected to run a *deficit of \$7.8 trillion* over the same period. **That is an \$8.6 trillion deterioration of the budget outlook in the 25 months since Democrats took control of Congress.**

- **Record Spending:** The President’s budget proposes federal spending of 27.7% of GDP in 2009 and 24.1% of GDP in 2010, the two largest spending levels as a percentage of GDP in U.S. history, except for World War II. The budget then proposes to keep federal spending at a historically high level through the ten-year budget window. The lowest spending total is 22.0% of GDP in 2013, which is still higher than any spending level since 1992. Over the 2009-2019 period, the President’s budget proposes an average spending level of 23.2% of GDP. Outside of World War II, federal spending has only been higher than 23.2% of GDP one other year in American history (1983, 23.5% of GDP).
- **\$1.6 Trillion Tax Increase:** The President’s budget proposes to increase taxes by \$1.6 trillion over ten years. This includes allowing many of the 2001 and 2003 tax cuts to expire such as allowing the top rate (which is often paid by small businesses) to increase from 35% to 39.6% and allowing the death tax to return in 2011. The budget also increases taxes on energy usage by \$645 billion over ten years.
- **Harms Charitable Organizations:** The budget would reduce the value of charitable deductions for those who are characterized as higher income taxpayers, which includes individuals who make more than \$164,550 and families making more than \$208,850. This could have a negative affect on non-profits, churches, faith-based schools, hospitals, and other charitable organizations.
- **Provides “Down Payment” for Government-Run Health Care:** Provides \$634 billion for a reserve fund intended to “pay for” health care reform.

Spending Analysis

- **Mandatory Spending:** Increases from last year’s level of \$1.6 trillion to \$3.0 trillion in 2019, an increase of \$1.4 trillion or 87.5%. Within that amount: Medicare spending increases from \$386 billion in 2008 to \$872 billion in 2019—an increase of \$486 billion or 126.0%; Social Security spending increases from \$612 billion in 2008 to \$1.14 trillion in 2019—an increase of \$529 billion or 86.4%; and Medicaid increases from \$201 billion in 2008 to \$468 billion in 2019—an increase of \$267 billion or 132.8%.
- **Interest Payments on the Debt:** Increases from \$253 billion in FY 2008 to \$622 billion in FY 2019—an increase of \$369 billion or 145.8%.
- **Non-Defense Discretionary Spending:** Increases from \$528 billion in 2008 to \$745 billion in 2019—an increase of \$217 billion or 41.1%.
- **Defense Spending:** Increases from \$593 billion in 2008 to \$689 billion in FY 2019—an increase of \$96 billion or 16.2%—much less than the other spending categories noted above.

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