



## THE PRESIDENT’S BUDGET FOR FISCAL YEAR 2010

- **Deficits.** The projected 2009 deficit is \$1.8 trillion (12.3 percent of GDP). This is the largest deficit as a portion of our economy since 1945. The budget projects the deficit will shrink to 3.1 percent of GDP in 2019.
- **Debt.** The budget increases the national debt by \$2.7 trillion this year to \$12.7 trillion and doubles the national debt in 8 years. Debt held by the public will increase by \$2.6 trillion this year.
- **Taxes/Revenues.** The budget contains \$1.4 trillion in tax increases. The cap and trade proposal accounts for \$646 billion of this increase. The budget resurrects the death tax.
- **Total Spending.** Total spending in 2009 will be \$3.9 trillion, or 27 percent of GDP. After ten years, total spending will remain at 22.6 percent of GDP.
- **Discretionary Appropriations.** The budget proposes an increase of \$71.7 billion for 2010 excluding emergencies. This is a 6.7 percent increase above the 2009 enacted level. The budget requests an additional \$130 billion for the war in 2010 and similar to the past administration, proposes \$50 billion in each year thereafter as a placeholder. Non-defense spending increases by 9.3 percent from 2009 to 2010 while defense spending increases by 4.0 percent.
- **Entitlement Spending.** The budget increases entitlement spending by \$1 trillion over the next decade.
- **Gimmicks.** The budget takes the highest level of war spending in 2008, inflates it, and then funds the war at a placeholder level while claiming nearly \$1.6 trillion in “savings.” The budget also includes funding cliffs in SCHIP, the sunset of the College Access and Completion Program, and a magic asterisk noting that the \$634 billion reserve fund will not be sufficient to fully fund comprehensive reform.

**Table 1: The Obama Budget**  
(dollars in billions)

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