



REPUBLICAN CAUCUS

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FACT SHEET THE OBAMA-DEMOCRATIC BUDGET CONFERENCE REPORT ON S. CON. RES. 13

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- **Total Spending.** Outlays total \$3.555 trillion in fiscal year 2010. As a share of the economy, spending never falls below 22 percent of gross domestic product [GDP]. *Even with the full costs of the war, Katrina, and Medicare prescription drug coverage, spending during the Bush administration averaged 19.9 percent of GDP – and never exceeded 21 percent of GDP.*
- **Tax Increases.** Taxes increase by \$1.5 trillion over 10 years. These include higher taxes on families, small businesses, and workers.
- **Deficits.** Red ink totals \$1.233 trillion in 2010. The budget proposes record budget deficits in nominal dollars. Deficits never fall below \$500 billion.
- **Debt.** Debt held by the public increases by nearly \$2 trillion this year, and rises to more than two-thirds as a share of the economy by 2014. *The European Union requires its member countries to keep debt below 60 percent of GDP.*

Table 1: The Obama-Democratic Budget

	2008	2009	2010	2011	2012	2013	2014	2010-14
In Billions of Dollars								
Receipts	2,524	2,186	2,322	2,624	2,856	3,057	3,298	14,157
Outlays	<u>2,983</u>	<u>3,879</u>	<u>3,555</u>	<u>3,541</u>	<u>3,476</u>	<u>3,639</u>	<u>3,821</u>	<u>18,031</u>
Deficits	-459	-1,693	-1,233	-916	-620	-581	-523	-3,874
Debt Held by the Public	5,803	7,729	8,778	9,683	10,345	10,931	11,499	—
As Percentages of GDP								
Receipts	17.7%	15.5%	16.1%	17.4%	18.1%	18.5%	19.1%	17.9%
Outlays	<u>21.0%</u>	<u>27.6%</u>	<u>24.7%</u>	<u>23.5%</u>	<u>22.0%</u>	<u>22.1%</u>	<u>22.2%</u>	<u>22.9%</u>
Deficits	-3.2%	-12.0%	-8.6%	-6.1%	-3.9%	-3.5%	-3.0%	-5.0%
Debt Held by the Public	40.8%	55.0%	60.9%	64.3%	65.6%	66.3%	66.7%	—
Gross Domestic Product [GDP]	14,222	14,057	14,405	15,061	15,774	16,496	17,241	—

Source: S.Con.Res 13.

- **Reconciliation.** Employs the Budget Act’s “reconciliation” procedures to fast-track passage of a health care bill and an education bill by 15 October 2009. Claims of

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\$2 billion in “savings” is simply a fig leaf figure to allow the use of reconciliation to jam through huge changes in health care and student loans of unspecified magnitudes.

- **Gimmicks.** The Obama administration has derided “gimmicks” such as temporary patches of the alternative minimum tax [AMT] and the Medicare physician payment increase (the “doc fix”), and declared that “honest budgeting” requires a 10-year budget that fully reflects these costs. Nevertheless, the Democratic Congress has written a 5-year budget conference report for fiscal year 2010, which includes only a 3-year AMT fix and a 2-year “doc fix,” and assumes the Making-Work-Pay tax credit ends in 2010.
- **Other Entitlement Spending.** Proposes a wish list of new spending programs in 34 “reserve funds” (20 in the Senate; 14 in the House) – meaning the spending can occur if “offset,” almost certainly by higher taxes.
- **Discretionary Spending.**
 - *Defense.* Proposes a “base” defense budget of \$556.1 billion in fiscal year 2010, and supports the President’s requested overseas contingency funding of \$130 billion in 2010, and \$50 billion each year after that.
 - *Nondefense.* Calls for \$529.5 billion in 2010, an increase of 8.9 percent from the 2009 enacted level, which adds to a 25-percent increase agencies received in 2009 from the omnibus and “stimulus” spending bills.

Table 2: The Obama/Democratic Budget – Discretionary Spending (excluding ‘stimulus’)
(in billions of dollars)

	2009	2010	% Change
Base Discretionary			
Defense	535.8	556.1	3.8
Nondefense Discretionary ^a	486.4	529.5	8.9
<i>Subtotal: Base Discretionary Spending</i>	<i>1,022.1</i>	<i>1,085.6</i>	<i>6.2</i>
Other Discretionary			
Overseas Contingencies	90.7 ^b	130.0	
Other/Emergencies ^c	7.2 ^d	10.4	
Total Discretionary	1,120.0	1,226.2	9.5

^a Includes nondefense discretionary cap adjustment of \$3.3 billion for program integrity and the LIHEAP trigger.

^b For war and International Monetary Fund.

^c Does not include the \$369.4 billion in budget authority in the “stimulus” bill.

^d Placeholder for disasters.

Note: The 2009 discretionary amounts have been rebased. Scored levels were \$9.4 billion below these figures.

Figures may not add due to rounding.

Source: Congressional Budget Office estimates and levels in S.Con.Res. 13.