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Expect More Out of President Obama's FY 2011 Budget: More Spending, More Taxes, More Debt

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With unemployment remaining high at around 10 percent, one would think that President Obama's FY 2011 budget would focus on repairing the ailing economy and reducing the national debt. Not so. Instead, the president has proposed a massive \$3.83 trillion budget.¹ His plans include an additional \$1.7 trillion worth of spending and could run budget deficits up to 49 percent larger than last year's budget proposal.²

Obama's tax and spend agenda is expensive. He is expecting the American taxpayers to foot the bill for his vision. In addition to massive tax hikes, the President's plan includes provisions which will further increase skyrocketing deficits and raise the national debt by an additional 6 percent of GDP.³

In his budget, President Obama focuses almost all of his deficit reduction efforts on tax increases. Despite the successful employment of tax cuts to pull the American economy out of past recessions (most notably under Kennedy and Reagan), Obama plans to raise taxes for 3.2 million small businesses and upper-income families.⁴ His budget includes nearly \$1 trillion in tax hikes.⁵ The President also plans to remove tax breaks for charitable giving and the mortgage interest deduction for millions of American families.

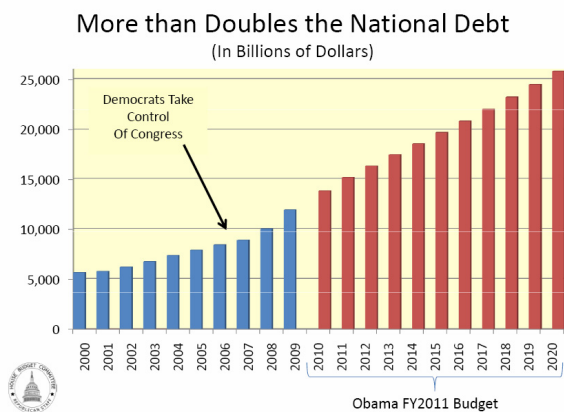
Worse still, President Obama still supports health care reform and cap and trade. Both initiatives are only sustainable through massive tax increases. Health care reform will cost \$2.5 trillion in the first 10 years of full implementation (2014-2023)⁶ and Cap and Trade will cost around \$800 billion over the next decade.⁷ In total, President Obama tax increases will surpass \$2 trillion, a figure that Americans simply cannot afford.

The President's budget will not only raise taxes, it will also increase the national debt and leave soaring deficits for years to come. In FY2010, the national deficit is projected to hit a record \$1.6 trillion.⁸ That is \$143 billion higher than the 2009 deficit which was fueled by the recession. His plan will leave deficits above \$1 trillion as late as 2020.⁹ In 2010, 42 cents of every dollar spent by Americans will be borrowed from other nations.¹⁰ Even more shocking, the president's budget will permanently expand the federal government by almost 3 percent of GDP and more than double the national debt.¹¹

When Rep. Jeb Hensarling (R-Tex.) asked President Obama if his FY2011 budget would mirror the unprecedented levels of spending in his FY2010 which tripled the national debt and increased the cost of government to almost 25 percent of the economy, the President challenged the facts presented. But, Congressional Budget Office (CBO) reports show that it is Obama, not Hensarling, who has his facts mixed up. The CBO's analysis of the President's FY 2010 budget reveals that, under Obama's plan, the level of debt held by the public will increase from \$5.803 trillion in 2008 to \$17.126 trillion in

2019.¹² That means that the debt held by the public will be 2.95 times higher than it was in 2008. The same report also reveals that, by 2019, government outlays will rise to 24.5 percent of GDP.¹³ Worse still, on average, in FY 2009 and FY 2010, Congress will run monthly deficits that exceed the annual deficits produced by a Republican controlled Congress from 1995-2007.¹⁴

Despite the President’s skepticism, the facts that Rep. Hensarling laid out are clear: Obama’s FY 2011 budget will lead to massive tax hikes, an increase in the national debt, soaring deficits and even more economic uncertainty in the future. Such proposals will not solve America’s economic woes. In fact, they can only make them much, much worse.



1. United States of America. Office of Management and Budget. Executive Office of the President. *Budget of the U.S. Government Fiscal Year 2011*. Web. <<http://www.whitehouse.gov/omb/budget/fy2011/assets/appendix.pdf>>.
2. Riedl, Brian M. "Obama's Budget Seeks \$2 Trillion More in Spending and Deficits Than Last Year." *The Heritage Foundation*. <<http://www.heritage.org/Research/Budget/wm2787.cfm>>. (Future references will be noted: Heritage)
3. Ibid.
4. Ibid.
5. Ibid.
6. Young, Jeffrey. "CBO: Senate health bill could reduce spending and lower the deficit -." *TheHill.com*. Web. 07 Feb. 2010. <<http://thehill.com/homenews/senate/68609-cbo-senate-health-bill-could-cap-spending-reduce-deficit>>.
7. Heritage
8. Ibid.
9. Ibid.
10. Ibid.
11. Ibid. (See graph—footnote 15)
12. United States of America. Congressional Budget Office. *An Analysis of the President’s Budgetary Proposals for Fiscal Year 2010*. Print.
13. Ibid.
14. The CBO reports that July 2009’s deficit was \$181 billion. It also reports that October 2009’s deficit was \$176 billion. Comparatively, according to OMB’s Historical Tables (Table 1.1), Republicans’ last annual deficit in FY2007 was \$160.7 billion.
15. This graph—released by House Republicans at — shows that the Obama budget will more than double the national debt by 2020.