THE REPUBLICAN STUDY COMMITTEE
BUDGET & SPENDING TASK FORCE
Rep. Scott Garrett, Task Force Chairman
RSC
202.226.9717
rsc.jordan.house.gov

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President's FY 2013 Budget: $50.8 Trillion Spending and $8.0 Trillion Deficits

On **Monday**, the President submitted his budget request for FY 2012-2022, which proposes $8.011 trillion of new deficit spending. Highlights of the President's budget:

Fifteen Highest Budget Deficits in U.S. History: If the deficit figures proposed by this budget are realized, all *fifteen* of the highest deficits in U.S. history will have occurred from FY 2008-2022. Deficit figures by year:

Federal Budget, FY 2008-2022
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 (actual)	3,603	2,303	**1,300**	**8.7**
2012	3,796	2,469	**1,327**	**8.5**
2013	3,803	2,902	**901**	**5.5**
2014	3,883	3,215	**668**	**3.9**
2015	4,060	3,450	**610**	**3.4**
2016	4,329	3,680	**649**	**3.4**
2017	4,532	3,919	**612**	**3.0**
2018	4,728	4,153	**575**	**2.7**
2019	5,004	4,379	**626**	**2.8**
2020	5,262	4,604	**658**	**2.8**
2021	5,537	4,857	**681**	**2.8**
2022	5,820	5,115	**704**	**2.8**
FY 12-22 Total	50,775	42,743	**8,011**	**3.8 (average)**

Fourth Trillion-Dollar Deficit in a Row: The President's budget proposes a $1.33 trillion deficit in FY 2012. This follows a $1.30 trillion deficit in FY 2011, a $1.29 trillion deficit in FY 2010, and a record-breaking $1.41 trillion deficit in FY 2009, which followed a then record-breaking $459 billion deficit in FY 2008.

Fifty-Seventh Deficit in Sixty-Two Years: Under the President's plan, the federal government will have balanced the budget in only five years from 1961 to 2022 (1969, 1998-2001). By contrast, the budget was balanced in 26 of 60 years from 1901 to 1960 (a period covering two world wars and the Great Depression, among other things).

Federal Budget Would NEVER Balance Again: The President's budget does not just propose large deficits in the short-term, but they actually start increasing again from 2018 to 2022 (as shown above). Beyond that point, the President's proposal to keep entitlement spending unreformed would ensure that the long-term budget outlook is worse. **Under the policies proposed by the President's FY 2013 budget, the federal budget would never balance again.**

$10.59 Trillion of New Debt: The President's budget proposes to increase the national debt from today's level of $15.35 trillion to $25.90 trillion in FY 2022—an increase of $10.59 trillion or 68.9%. The amount of *new* debt proposed by this budget is almost identical to where the entire national debt stood on January 20, 2009.

Quote of the Week:

"Your money does not cause my poverty. Refusal to believe this is at the bottom of most bad economic thinking."

-P.J. O'Rourke, from Eat the Rich

Unprecedented Spending: The President's budget proposes federal spending of 24.3% of GDP in FY 2012. Prior to the Obama Administration, the highest peacetime figure was 23.5% of GDP in 1983 (federal spending was also higher from 1942 to 1946 because of World War II). Under the President's budget, the federal government would spend $50.7 trillion from FY 2012 to FY 2022.

Increasing Tax Burden: The President's budget would increase the tax burden from 15.4% of GDP in 2011 to 20.1% of GDP in 2022. For the 2012-2022 period, revenue would average 18.9% of GDP, which—despite the large deficits—is notably above the 40-year average (18.0% of GDP).

For more information, please contact Brad Watson at x69719

THE WALL STREET JOURNAL.

The Green Eyeshade Report

Wall Street Journal Editorial

The Obama Administration is claiming vindication after Friday's release of its "independent review" of the Department of Energy's loan program. May we also sell you some Solyndra shares?

Looking to outflank a Congressional investigation, the White House last October retained banker and former Treasury official Herb Allison to review the loan program that had dispensed $535 million to Solyndra, a failed solar panel maker under investigation by the FBI.

It seems the White House's idea of an review is a highly technical and uninformative snapshot of the financial status of the Energy Department's existing loan portfolio. Mr. Allison examined 30 loans and loan guarantees that the Obama Administration has awarded to green-energy companies, worth $24 billion. The bulk of the report explains the complex methodologies Mr. Allison used to assign credit ratings to broad groups of these government "investments." It's not a page-turner.

This narrow approach suits the White House, especially Mr. Allison's finding that at current market conditions taxpayers could lose only $2.7 billion on the loans. Since this is $200 million less than Energy's own estimate, and some $7 billion less than what Congress was required by financial rules to set aside for blow-ups, the White House has declared victory.

Only in Washington is $2.7 billion in losses considered performing "well." But the bigger problem is that the Allison report addresses none of the main issues. Because Mr. Allison's brief was to examine only current loans, the report failed to investigate the bankruptcies of Solyndra or Beacon Power, an energy-storage company. So apart from its biggest failures, the program is a success.

Mr. Allison also didn't investigate whether political influence was brought to bear on behalf of certain loans, a major question in the Solyndra case. His report doesn't examine if government dollars have distorted the energy marketplace, and it doesn't judge whether government assistance is even needed given private venture capital and corporate dollars. Mr. Allison's remit was to don the green eyeshades.

But even by that standard he may be wrong. Because the green-energy industry depends so heavily on subsidies and unproven technology, a company that is surviving today may be in trouble next year. Ask Solyndra.

Because of privacy concerns, Mr. Allison didn't release his credit ratings for individual loan recipients. Instead, he gave ratings for categories of loans, such as those that went to companies producing power for utilities. The report provides zero information about which borrowers are in trouble.

Mr. Allison concludes with a call for more transparency and a new "chief risk officer" to monitor the program. But what were the Administration's current bureaucrats doing if not assessing risk? Congress's Solyndra investigation has found that these risk assessors were pushed by the White House to quickly sign off on the loan, so that Vice President Joe Biden could announce a sexy green project.

Politics will trump economics in government handouts because they are made for political reasons. Taxpayers still deserve a genuine probe, and Congress should keep digging into green corporate welfare.