



CBO: Budget deficit \$601 billion in first half of fiscal year

By: Betsi Fores – April 5, 2013

Thanks to tax increases and federal spending cuts, the Congressional Budget Office announced the federal budget deficit stands at \$601 billion for the first half of the fiscal year — that's \$178 billion less than it was last year, through the same time period.

"It's bad, but not as bad as last year," Tad DeHaven, a budget expert from the Cato Institute, told The Daily Caller News Foundation.

Tax receipts went up for the first half of the year, totaling \$1.2 trillion — \$132 billion more than last year. The largest contributor to the increase in revenues was income taxes withheld from workers' paychecks, which brought in \$85 billion for the federal government.

Federal spending also decreased in the first half of fiscal year 2013. By the non-partisan agency's estimation, federal outlays totaled \$1.8 trillion — \$46 billion lower than the first half of 2012.

The cuts came from, among others, the Defense Department, which was trimmed by \$20 billion, as well as Fannie Mae and Freddie Mac, which were cut by \$25 billion.

Spending still increased on the entitlement programs Social Security, Medicare and Medicaid, as well as on agriculture, disaster assistance and veterans' benefits.

The Congressional Budget Office still projects that the budget deficit for fiscal year 2013 will be \$850 billion.

"I don't think it changes what we already knew," DeHaven said of the latest announcement.

"We've had four years in a row with deficits in excess of a trillion dollars. So by the low standards in Washington — so low you could trip over them — having a deficit of 850 billion is considered getting better," he concluded.

President Obama will announce a new budget next week where he is expected to propose changes to Social Security and Medicare along with tax increases in an effort to find common ground with the GOP.

