



River of red ink continues: CBO says the budget deficit will top \$500 billion this year

By Jason Pye
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Although Washington isn't running \$1+ trillion budget deficits — like taxpayers saw from fiscal years 2009 to 2012 — the river of red ink is still flowing rapidly. In fact, the Congressional Budget Office (CBO) released a new report this morning in which it revised upward the budget deficit for the current fiscal year (emphasis added):

The nonpartisan Congressional Budget Office (CBO) on Wednesday raised its projection for this year's federal deficit to \$506 billion.

The budget office's last report in April had projected the deficit for fiscal 2014 would top out at \$492 billion on Sept. 30.

But the CBO said it is increasing the deficit figure now, in part, because receipts from corporate income taxes are turning out to be \$37 billion less than expected.

This year's deficit projection represents a major drop from the other years of the Obama presidency. Last year's deficit was \$680 billion, compared to the \$1.1 trillion deficit the government racked up during Obama's first year in the White House in 2009.

The CBO says the budget deficit will fall to \$469 billion in FY 2015 before it slowly begins to tick back upward again. As you can see in the chart below, the budget deficit will approach \$1 trillion by the end of the 10-year budget window:

Deficits Projected in CBO's Baseline

	Actual,												Total	
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2015-	2015-
Revenues	2,775	3,006	3,281	3,423	3,605	3,748	3,908	4,083	4,257	4,446	4,644	4,850	17,965	40,243
Outlays	3,455	3,512	3,750	3,979	4,135	4,308	4,569	4,820	5,076	5,391	5,601	5,810	20,741	47,439
Total Deficit	-680	-506	-469	-556	-530	-560	-661	-737	-820	-946	-957	-960	-2,777	-7,196
Net Interest	221	231	251	287	340	412	492	566	627	687	746	799	1,782	5,207
Primary Deficit ^a	-459	-275	-218	-269	-190	-148	-169	-170	-193	-259	-211	-161	-995	-1,989
Memorandum (As a percentage of GDP):														
Total Deficit	-4.1	-2.9	-2.6	-2.9	-2.7	-2.7	-3.0	-3.3	-3.5	-3.8	-3.7	-3.6	-2.8	-3.2
Primary Deficit ^a	-2.8	-1.6	-1.2	-1.4	-1.0	-0.7	-0.8	-0.8	-0.8	-1.1	-0.8	-0.6	-1.0	-0.9
Debt Held by the Public at the End of the Year	72.0	74.4	74.0	73.6	73.0	72.8	73.1	73.6	74.3	75.4	76.4	77.2	n.a.	n.a.

Source: Congressional Budget Office.

Note: GDP = gross domestic product; n.a. = not applicable.

a. Excludes net interest.

Nicole Kaeding of the Cato Institute notes that the budget deficits are being driven by — drumroll, please — mandatory spending, which includes Medicare, Social Security, Obamacare subsidies, and debt service.

While President Barack Obama and his apologists like to brag about trimming the budget deficit — largely because of tax hikes and gridlock in government — nothing has been done to alleviate the long-term budget problems.

And, at this point, President Obama doesn't care if anything is done. Not only has he made these fiscal problems worse by creating a new entitlement, he's completely checked out of his job, and he's going to leave the long-term fiscal issues facing the United States for his successor to solve.