

BUYING BIG GOVERNMENT

What the Obama Budget Is Costing You... This Time

Hitting the Federal ATM, Again

- **Apparently, It Does Grow on Trees:** After an \$800 billion stimulus bill, the President's budget increases spending by \$1 trillion over 10 years, includes an additional \$250 billion placeholder for another bailout, and calls for a pay-as-you-go (PAYGO) law while astonishingly violating that rule by \$3.4 trillion.
- **More Deficits and More Debt:** The President's budget leaves permanent deficits averaging \$600 billion even after the economy recovers and doubles the publicly held national debt to over \$15 trillion (\$12.5 trillion after inflation).
- **To Pay for Historic Government Expansion:** The 25% spending increase in the President's budget represents the largest non-war government expansion since the New Deal. Domestic discretionary spending (including the stimulus funds) has been hiked by nearly 80% over 2008 levels.
- **When Is It Enough?** After multiple bailouts, an \$800 billion stimulus bill, an omnibus spending bill, major Medicare expansion, SCHIP expansion, and now a historic tax and spend budget, all in less than eight weeks, when is it enough?

Doubling Down, Again

- **Bush v. Obama:** Bush expanded the federal budget by a historic \$700 billion. Obama would add another \$1 trillion. Bush increased federal education spending 58% faster than inflation. Obama would double it.
- **Bush v. Obama, Round 2:** Bush became the first President to spend 3% of GDP on federal antipoverty programs. Obama has already increased it to 20%.
- **Bush v. Obama, Round 3:** Bush reduced taxes by nearly \$2 trillion. Even after Obama's tax cuts, he still will raise them by a total of \$1.4 trillion.
- **Bush v. Obama, Round 4:** In 2007, before the recession, Washington spent \$24,172 per household. Obama would increase that to \$32,463 per household.
- **Bush v. Obama Scorecard:** While President Obama has framed his budget as a break from "failed policies" of the Bush Administration, it is in fact a doubling down on borrowing, spending, and bailing out.

More Taxes, Again

- **Spreading the Wealth:** The President's budget raises taxes by \$1 trillion over the next decade on those earning over \$250,000. This means raising taxes for 3.2 million taxpayers by an average of \$300,000 during that time.
- **Yes, Even the "95%" Are Taxed:** Through his proposed cap-and-trade system, the President would be raising taxes on all Americans while crippling the manufacturing sector and destroying jobs. Warren Buffet called it a "regressive tax," correctly identifying that it will be borne by all American energy consumers.

That '70s Show

- **Back to the Future:** President Obama's budget returns us to the economic policies starting in 1952 and culminating with Jimmy Carter's high taxes, high spending, and Keynesian economics—which resulted in high recession rates, high inflation, high interest rates, and a stagnant stock market.
- **More Carter Than Carter?** Lawmakers should reject this budget and hold the President to his pledge of fiscal responsibility.

The President's \$1.4 Trillion Tax Increase

Figures are in billions.

Proposal	Ten-Year Revenue Impact
Raise income tax rates for upper-income taxpayers	\$339
Raise capital gains and dividends rates for upper-income taxpayers	\$118
Reinstate the personal exemption phaseout and limitation on itemized deductions for upper-income taxpayers	\$180
Limit itemized tax deductions to 28 percent value for upper-income taxpayers	\$318
Cap-and-trade energy tax	\$646
International enforcement, reform deferral, and tax reform	\$210
Other business, financial, and energy tax increases	\$143
Make R&E (Research and Experimentation) tax credit permanent	-\$74
Modify FAA financing	-\$77
New low-income tax cuts (revenue impact)*	-\$444
Other proposals	-\$4
Total Tax Increase	\$1,354

Note: Figures have been rounded.

* Would also increase outlays by \$316 billion.

Source: U.S. Office of Management and Budget, *A New Era of Responsibility: Renewing America's Promise* (Washington, D.C.: U.S. Government Printing Office, 2009), summary Table 6, at http://www.whitehouse.gov/omb/assets/fy2010_new_era/A_New_Era_of_Responsibility2.pdf (March 11, 2009).

 heritage.org

For more on President Obama's budget, visit:

<http://blog.heritage.org/2009/03/18/buying-big-government-what-the-obama-budget-will-cost-youagain>.