



OMB and CBO Re-Estimates by the Numbers

August 25, 2009

On August 25, 2009, the White House Office of Management and Budget (OMB) and the Congressional Budget Office (CBO) each released updated reviews of the U.S. fiscal situation. Both reveal a disturbing and worsening fiscal outlook with deficits, debt, spending, and unemployment all increasing faster than expected while revenues and GDP decrease at a greater rate. The following is a brief analysis of these re-estimates. Please note that the CBO estimates are based on current law while the OMB numbers assume the enactment of the President's policy proposals.

Higher Deficits

OMB: OMB estimates that the ten-year deficit will reach \$9.05 trillion—\$1.94 trillion or 27 percent more than their original estimate of \$7.1 trillion. OMB also estimates a 2009 deficit of \$1.58 trillion, a decrease of approximately \$261 billion from the \$1.84 trillion deficit predicted earlier this year. However, this “decrease” merely reflects the White House's decision to jettison a \$250 billion placeholder in their budget that was set aside for another potential bank bailout the President now considers too contentious to pass Congress. The reduction does not represent any real savings.

CBO: CBO's ten-year deficit estimate grew by \$2.7 trillion in the August baseline, from \$4.4 trillion to \$7.1 trillion. CBO has a lower overall deficit number than OMB, reflecting CBO's assumption that certain changes scheduled under current law, such as the expiration of 2001 and 2003 middle class tax cuts, will occur. However, CBO's estimated deficit grew by an astounding 61 percent in the August baseline because of Democrat policies passed since the last assessment (such as the “stimulus,” the omnibus, etc.).

More Debt

OMB: OMB estimates that the debt held by the public will reach \$17.49 trillion in 2019 or 75.7 percent of GDP. This estimate is \$1.46 trillion or 9 percent above the May OMB estimate, which said the 2019 public debt would be \$16 trillion.

CBO: CBO estimates that the public debt will increase to \$14.32 trillion by 2019. The estimate is an increase of \$2.5 trillion or 21 percent above CBO's previous baseline estimate.

Less Economic Growth

OMB: OMB forecasts a much slower climb out of the recession than originally predicted and estimates that GDP will increase by only 2 percent in 2010, compared to 3.2 percent growth estimated in May. It now predicts 3.1 percent average economic growth from 2014 to 2019.

CBO: As in the spring, CBO's predictions for ten-year GDP are much less optimistic than OMB's. CBO predicts economic growth of 1.7 percent in 2010, and an average economic growth rate of 2.5 percent from 2014 to 2019.

Unemployment

OMB: OMB estimates that unemployment will be significantly higher than the Administration projected earlier. Unemployment will average 9.3 percent in 2009, up from 8.1 percent that was estimated in the President's budget. OMB predicts that unemployment will peak at 9.8 percent in 2010. Following its peak, OMB says that unemployment will begin to slowly retract, eventually falling to a low of 5.2 percent in 2019. These new predictions differ greatly from OMB's original budget estimates which forecasted that unemployment would stay at 8.1 percent or below in 2009 and drop to 5.2 percent by 2013 with the Democrats "stimulus."

CBO: The August baseline also shows a worsening jobs situation and assumes that 2009 unemployment will average 9.3 percent. CBO predicts that unemployment will continue to climb in 2010, reaching an average of 10.2 percent for next year. In March, CBO estimated much lower numbers, stating that unemployment for 2009 would be 8.8 percent and would peak at an average of 9 percent in 2010.

Revenues

OMB: OMB predicts that federal receipts will be \$83 billion lower than estimated in the current fiscal year, and that over ten years, revenues will fall \$791 billion or 2.2 percent below the President's May estimate.

CBO: CBO's estimate shows \$86 billion less in federal revenues than the previous baseline predicted for 2009. Over ten years, CBO estimates that revenues will total \$34.17 trillion, which is \$370 billion or 1 percent less than the previous baseline forecast.

Increased Spending

OMB: OMB forecasts that federal spending over the next ten years will increase by \$1.15 trillion or 2.7 percent above their original estimate. The original budget estimated that the federal government would spend \$42.15 trillion over the next ten years. Even with a \$345 billion drop in the spending estimate for 2009, the ten year spending number has now risen to \$43.31 trillion.

CBO: CBO forecasts that spending over the next ten years will increase by \$2.32 trillion or 6 percent above its last baseline. This increase does not include the President's proposed \$1 trillion government takeover of health care.

Deficits in Billions

OMB	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2010-2019
OMB May Deficit	-1,841	-1,258	-929	-557	-512	-536	-528	-645	-675	-688	-779	-7,107
OMB August Deficit	-1,580	-1,502	-1,123	-796	-775	-778	-739	-795	-810	-815	-917	-9,050
Change	-261	+244	+194	+239	+263	+242	+211	+150	+135	+127	+138	+1,943

CBO	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2010-2019
CBO June Deficit	-1,667	-1,139	-693	-331	-300	-310	-282	-327	-312	-325	-423	-4,442
CBO August Deficit	-1,597	-1,381	-921	-590	-538	-558	-558	-620	-626	-622	-722	-7,136
Change	-70	+242	+228	+259	+238	+248	+276	+293	+314	+297	+299	+2,694

Public Debt in Billions

OMB	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
OMB May Public Debt	8,531	9,882	10,873	11,468	12,027	12,595	13,159	13,835	14,535	15,241	16,027
OMB August Public Debt	7,856	9,575	10,590	11,443	12,281	13,126	13,927	14,782	15,651	16,523	17,493
Change	-675	-307	-283	-25	+254	+531	+768	+947	+1,116	+1,282	+1,466

CBO	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
CBO June Public Debt	7,703	8,658	9,340	9,712	10,016	10,372	10,684	11,034	11,365	11,334	11,753
CBO August Public Debt	7,612	8,868	9,782	10,382	10,870	11,439	11,986	12,581	13,174	13,611	14,324
Change	-91	+210	+442	+670	+854	+1,067	+1,302	+1,547	+1,809	+2,277	+2,571

Spending in Billions

OMB	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2010-2019
OMB May Spending	3,998	3,591	3,615	3,633	3,817	4,016	4,190	4,487	4,696	4,905	5,207	42,157
OMB August Spending	3,653	3,766	3,715	3,741	3,936	4,143	4,321	4,586	4,795	5,001	5,307	43,311
Change	-345	+175	+100	+108	+119	+127	+131	+99	+99	+96	+100	+1,154

CBO	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2010-2019
CBO June Spending	3,853	3,473	3,476	3,417	3,581	3,746	3,892	4,088	4,239	4,408	4,671	38,991
CBO August Spending	3,688	3,644	3,638	3,600	3,759	3,961	4,135	4,358	4,534	4,703	4,982	41,314
Change	-165	+171	+162	+183	+178	+215	+243	+270	+295	+295	+311	+2,323

Revenues in Billions

OMB	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2010-2019
OMB May Revenue	2,157	2,333	2,685	3,075	3,305	3,480	3,662	3,841	4,021	4,218	4,429	35,049
OMB August Revenue	2,074	2,264	2,591	2,945	3,161	3,365	3,582	3,791	3,985	4,186	4,389	34,259
Change	-83	-69	-94	-130	-144	-115	-80	-50	-36	-32	-40	-790

CBO	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2010-2019
CBO June Revenue	2,186	2,334	2,783	3,086	3,281	3,436	3,610	3,761	3,927	4,083	4,247	34,548
CBO August Revenue	2,100	2,264	2,717	3,010	3,221	3,403	3,577	3,737	3,908	4,081	4,260	34,178
Change	-86	-70	-66	-76	-60	-33	-33	-24	-19	-2	+13	-370

GDP in Billions

OMB	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2010-2019
OMB May GDP	14,291	14,902	15,728	16,731	17,739	18,588	19,415	20,279	21,181	22,124	23,108	189,795
OMB August GDP	14,122	14,588	15,337	16,259	17,249	18,267	19,258	20,225	21,178	22,130	23,101	187,592
Change	-169	-314	-391	-472	-490	-321	-157	-54	-3	+6	-7	-2,203

CBO	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2010-2019
CBO June GDP	14,057	14,405	15,061	15,774	16,496	17,241	17,957	18,688	19,436	20,191	20,966	176,215
CBO August GDP	14,140	14,439	14,993	15,754	16,598	17,319	18,019	18,760	19,524	20,308	21,114	176,828
Change	+83	+34	-68	-20	+102	+78	+62	+72	+88	+117	+148	+613

Unemployment Rate

OMB	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2009-2019 Average
OMB May Unemployment	8.1	7.9	7.1	6	5.2	5	5	5	5	5	5	5.8
OMB August Unemployment	9.3	9.8	8.6	7.7	6.8	5.9	5.6	5.5	5.3	5.3	5.2	6.8
Change	+1.2	+1.9	+1.5	+1.7	+1.6	+0.9	+0.6	+0.5	+0.3	+0.3	+0.2	+1.0

CBO	2009	2010	2011	2012-2013 Average	2014-2019 Average
CBO March Unemployment	8.8	9	7.7	5.6	4.8
CBO August Unemployment	9.3	10.2	9.1	6.4	4.8
Change	+0.5	+1.2	+1.4	+0.8	0

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