

Federal Spending During the G.W. Bush and Obama Administrations

Many Republicans have been shouting that Federal spending is “out of control” under President Obama, and that he has “wasted enormous sums” on the economic stimulus effort.

The truth is:

- Spending increases under the Bush Administration far exceeded the increases under the Obama Administration to date;
- A large portion of the spending during the Obama Administration is due to actions initiated prior to Obama, including the war in Afghanistan and related spending for Veterans; increases in Medicare due to the prescription drug program; the TARP program to bail out banks; and the increase in unemployment compensation caused by the Bush recession;
- 25% of the increase in spending during the Obama Administration is due to the normal growth in Social Security payments to the elderly and disabled, which has been paid for entirely by Social Security payroll tax withholding; and
- Republicans only became concerned about spending levels after President Obama took office.

The table below shows spending (outlays) by the Federal government in recent fiscal years, for each major program area. (The Federal Fiscal Year runs from October 1 through September 30.) The table shows spending in FY 2001, the year that G.W Bush took office (in the fourth month of FY 2001). It shows spending in FY 2008, the last full year of the Bush Administration. It shows spending in FY 2009, when President Obama took office in the fourth month of that year; the budget for 2009 was developed by President Bush and modified only slightly by President Obama. It shows actual spending for FY 2010 and FY 2011, and estimated spending for 2012, which will end September 30 this year. And it shows proposed spending for FY 2013. These last four years reflect spending during years when President Obama had some influence on spending levels.

The table organizes spending into three categories:

1. Those for which there is usually bipartisan support for the programs (because even the very wealthy like this spending, such as Military and Space Exploration), or where spending is unavoidable, such as interest on the national debt.
2. Those programs that primarily benefit the middle class, including Social Security, Medicare and Unemployment Compensation; these have been targets for spending cuts by Republicans.
3. Those programs designed to assist the very poor, including Medicaid, Food Assistance, and Supplemental Security Income. These programs account for less than 17% of Federal spending.

Federal Outlays - Fiscal Year Dollars in Millions

G.W. Bush Administration

Obama Administration

	2001	2008	2009	2010	2011	2012	2013	Change	Change	Change
						Est.	Proposed	2001-2008	2008-2011	2008-2013
Total Cash Outlays (Millions)	1,862,846	2,982,544	3,517,677	3,456,213	3,603,061	3,795,547	3,803,364	1,119,698	620,517	820,820
(Generally Bipartisan Support for These Programs, or Costs are Unavoidable - Most of Increase is for Military and Veterans)										
Military Programs	311,292	625,507	667,296	704,949	717,667	728,780	715,893	314,215	92,160	90,386
Veterans Benefits & Assistance	44,974	84,653	95,429	108,384	127,189	129,605	140,117	39,679	42,536	55,464
Space Exploration & Science Programs	19,753	27,731	29,449	31,047	29,466	30,991	31,265	7,978	1,735	3,534
Medical Research (Cancer, etc.)	17,926	29,883	30,570	34,200	36,194	33,029	32,132	11,957	6,311	2,249
Justice Programs & Federal Courts	30,201	47,138	51,549	53,436	56,055	62,016	62,792	16,937	8,917	15,654
Agriculture	26,252	18,387	22,237	21,356	20,661	19,173	25,624	-7,865	2,274	7,237
General Government & Congress	14,358	20,323	22,017	23,031	25,507	31,763	26,266	5,965	5,184	5,943
International Affairs	9,925	19,377	31,282	33,832	33,643	43,772	45,430	9,452	14,266	26,053
Federal Employee Retirement, net	42,179	42,535	47,206	42,628	44,770	41,108	52,605	356	2,235	10,070
Commerce, Small Business, & TARP	8,464	9,093	169,202	-86,069	-18,034	36,531	11,555	629	-27,127	2,462
Disaster Relief & Insurance	3,826	11,170	16,710	10,654	10,161	18,360	17,550	7,344	-1,009	6,380
Bank Deposit Insurance	-1,569	18,760	22,573	-32,033	-8,697	26,885	-16,636	20,329	-27,457	-35,396
Interest on the National Debt	359,476	451,143	383,073	413,934	453,987	450,335	472,040	91,667	2,844	20,897
Subtotal	887,057	1,405,700	1,588,593	1,359,349	1,528,569	1,652,348	1,616,633	518,643	122,869	210,933

	2001	2008	2009	2010	2011	2012	2013	Change	Change	Change
						Est.	Proposed	2001-2008	2008-2011	2008-2013
(Programs Primarily Benefiting the Middle Class - 75% of increased spending is for Social Security, Medicare and Unemployment Comp.)										
Social Security	432,958	617,027	682,963	706,737	730,811	778,574	825,872	184,069	113,784	208,845
Medicare	217,384	390,758	430,093	451,636	485,653	484,486	530,246	173,374	94,895	139,488
Unemployment Compensation	30,242	45,340	122,537	160,145	120,556	108,965	77,423	15,098	75,216	32,083
Education, Training & Employment	57,094	91,287	79,749	127,710	101,233	139,212	122,135	34,193	9,946	30,848
Transportation	54,447	77,616	84,289	91,972	92,965	102,552	114,228	23,169	15,349	36,612
Other Health & Safety	24,933	49,290	52,841	62,083	61,342	73,477	71,037	24,357	12,052	21,747
Community & Regional Development	7,947	12,782	10,940	13,150	13,655	13,325	17,433	4,835	873	4,651
Energy Programs	9	628	4,749	11,613	12,174	23,270	13,914	619	11,546	13,286
Natural Resources & Pollution Control	25,532	31,817	35,568	43,662	45,470	42,829	41,312	6,285	13,653	9,495
Home Mortgage Credit Programs	-1,164	17	99,760	35,804	14,156	16,208	-19,920	1,181	14,139	-19,937
Making Work Pay Credit	0	0	663	13,694	13,876	0	0	0	13,876	0
Other Retirement & Disability Insurance	5,761	8,899	8,218	6,564	6,697	8,313	7,407	3,138	-2,202	-1,492
Subtotal	855,143	1,325,461	1,612,370	1,724,770	1,698,588	1,791,211	1,801,087	470,318	373,127	475,626
(Programs for the Very Poor - 85% of increased spending is for Medicaid and Food & Nutrition)										
Medicaid	129,374	201,426	250,924	272,771	274,964	255,119	282,699	72,052	73,538	81,273
Food & Nutrition Programs	34,053	60,673	79,080	95,110	103,199	113,467	111,731	26,620	42,526	51,058
TANF & Other Low Income Assistance	35,516	54,539	45,883	47,133	38,329	35,338	37,511	19,023	-16,210	-17,028
Supplemental Security Income	25,875	38,020	41,365	43,878	56,462	51,629	58,275	12,145	18,442	20,255
Housing Assistance	30,250	40,556	50,913	58,651	55,440	59,639	57,000	10,306	14,884	16,444
Earned Income Tax Credit Paid	26,123	40,600	42,418	54,712	55,652	52,247	52,615	14,477	15,052	12,015
Child Tax Credit Paid	982	34,019	24,284	22,659	22,691	22,464	21,886	33,037	-11,328	-12,133
Subtotal	282,173	469,833	534,867	594,914	606,737	589,903	621,717	187,660	136,904	151,884

	2001	2008	2009	2010	2011	2012 Est.	2013 Proposed	Change 2001-2008	Change 2008-2011	Change 2008-2013
Continental Shelf Royalties, Asset Sales, etc	-8,218	-20,064	-21,982	-5,080	-6,814	-12,364	-11,748	-11,846	13,250	8,316
Total Outlays	2,016,155	3,180,930	3,713,848	3,673,953	3,827,080	4,021,098	4,027,689	1,164,775	646,150	846,759
Interest Pd Internally to Trust Funds, etc.	-153,309	-198,386	-196,171	-217,740	-224,019	-225,551	-224,325	-45,077	-25,633	-25,939
Total Cash Outlays	1,862,846	2,982,544	3,517,677	3,456,213	3,603,061	3,795,547	3,803,364	1,119,698	620,517	820,820
Income Tax Receipts, Individual & Corp.	1,145,414	1,450,093	1,053,537	1,089,986	1,272,000	1,402,000	1,707,000	304,679	-178,093	256,907
FICA & Unemployment Tax	693,967	900,155	890,917	864,814	818,000	841,000	959,000	206,188	-82,155	58,845
Other (Excise, Estate, Customs, etc.)	151,701	173,743	160,535	207,924	213,000	226,000	236,000	22,042	39,257	62,257
Total Receipts	1,991,082	2,523,991	2,104,989	2,162,724	2,303,000	2,469,000	2,902,000	532,909	-220,991	378,009
Deficit	-128,236	458,553	1,412,688	1,293,489	1,300,061	1,326,547	901,364	586,789	841,508	442,811

The Facts About Federal Government Spending

Key Points From This Data:

- Spending was \$1.1 trillion higher in 2008 than in 2001, a 60% increase during the Bush Administration years. And this didn't seem to be a problem for Republicans.
- Spending increased in every program area, except Agriculture, during the Bush Administration.
- Under President Obama, spending increased by \$620 billion from 2008 to 2011, or a 21% increase. Proposed spending for 2013 would be \$821 billion more than in 2008, or a 27.5% increase.
- The largest dollar increase in discretionary spending under the Obama Administration has been for military programs, which increased by \$92 billion from 2008 to 2011, as a result of the expanded war in Afghanistan and bringing the war in Iraq to a close. In addition, spending for Veterans benefits and assistance increased by 50% from 2008 to 2011. Republicans have complained that President Obama has been cutting military spending too much!
- The spending in 2009 - 2013 includes the increases resulting from the stimulus program enacted in 2009, under the Recovery Act. The numbers show that the stimulus spending was quite modest, contrary to the wild claims of some Republicans.
- Outside of military spending, there are no major increases in discretionary spending for any program area from 2008 to 2013, except for the relatively small dollar increase for clean energy, which accounts for less than 3/10ths of 1% of estimated total Federal spending in 2013, and for an increase for ground transportation infrastructure, amounting to less than 1% of total spending in 2013.
- Most of the largest increases in 2009 and 2010 were due to the Great Recession. It increased the number of people eligible for assistance, resulting in increased funding for Medicaid, Unemployment Compensation, and Food & Nutrition Programs. Spending in 2009 reflects payments for the TARP program to aid financial institutions and the auto industry, and to keep the home mortgage institutions viable.
- Over 42% of the expected increase in spending from 2008 to 2013 is for Social Security and Medicare, reflecting the aging population. Social Security and Medicare Hospitalization insurance spending was entirely paid for by earmarked income paid into the trust funds, and did not add one penny to the National Debt.
- Spending for the very poor increased by 29% from 2008 to 2011. Newt Gingrich says President Obama is the "food stamp" president, but all funding for food stamps, school lunches, and other food assistance amounted to less than 3% of the Federal budget in 2011.
- Individual and corporate income tax receipts in 2009 and 2010 were less than in 2001!! This was due to the large tax cuts during the Bush Administration as well as the drop in taxable income resulting from the Great Recession.
- Total individual and corporate income tax receipts in 2009 and 2010 were only 30.7% of total outlays for those two years! And Republicans are promoting more tax cuts for the wealthy.

Contrary to Republican claims that spending is out of control, the Obama Administration has taken responsible steps to reduce the deficit without causing the economy to take another nosedive. This includes action to:

- End the rapid growth in military spending;
- Reduce the rate of growth in health care spending;
- Eliminate low priority programs;
- Make targeted investments in American infrastructure, science and technology, to boost the economy; and
- Require the very wealthy to pay their fair share of taxes.

Republicans pretend that they could balance the budget by cutting spending alone, without increasing taxes on the wealthy. Without an increase in tax rates or closing tax loopholes, the annual deficit is projected to be near \$1 trillion a year. What would Republicans cut to reduce spending by 1,000 billion dollars a year?

They swear they won't cut military spending, and some propose continued increases for the military; and interest on the national debt will grow as the debt increases and interest rates rise. If we take those two items off the table, that leaves about \$2.6 trillion in spending from which to cut.

If Republicans eliminated spending on all programs to assist the very poor, including Medicaid, it would save only a little over \$600 billion dollars a year. They could also eliminate funding for Education, Transportation, Agriculture, Energy, Commerce and EPA, and still be short of reaching \$1000 billion in spending reductions. And we all know that eliminating all these programs is not going to happen.

That is why Republicans are targeting Social Security, Medicare and Unemployment Compensation for major reductions in spending.

If spending cuts were to be made evenly across all the programs for the middle class and the poor, including Social Security, Medicare and Medicaid, they would need to be slashed by over 41% to save \$1,000 billion.

Over the past 28 years the Social Security program has been more than fully funded by the earmarked payroll tax, and now the Trust Fund has built up a reserve of over \$2.5 trillion, which is enough to cover all Social Security spending for the next 25 years. Meanwhile, during the past 11 years the rest of the Federal government has been spending much more than it has received in revenue, largely due to the huge tax cuts and major spending increases during the Bush Administration.

Now Republicans want to slash Social Security spending, rather than deal with the real problem of unrealistic tax cuts which drained revenue for the rest of the government. Rather than have billionaires pay more than 15% in taxes on their investment earnings, they would slash programs to aid the very poor and disabled, and undercut the Social Security insurance protection bought and paid for by the middle class.

Social Security and Medicare Hospitalization Insurance are entirely paid for by FICA taxes, and the general taxpayers do not pay any part of the spending for Social Security and Medicare Hospitalization. If we remove all spending for Social Security and Hospitalization from the budget, and remove all FICA receipts, it does not help reduce the deficit. See the Social Security and Medicare Issue papers for more information about these programs.