



February 13, 2012

President Obama Releases 2013 Budget Request

National Priorities Project examines the president's proposed budget for the coming fiscal year, and why it matters.

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Today President Obama released his fiscal year 2013 budget proposal, which includes \$3.67 trillion in new budget authority, a 3.7 percent reduction from 2012 levels. The budget estimates \$3.8 trillion in total spending in 2013, which includes some spending that was authorized in the 2012 budget.

The new budget includes \$350 billion for job creation. [A survey conducted on Feb. 9](#) found that Americans ranked job creation as their top priority for the president's new budget, followed by deficit reduction.

Thirty-one percent of the president's budget funds discretionary spending, which includes the military as well as domestic programs for things like education and energy. More than half of the new budget—62 percent—funds mandatory spending, which includes earned-benefit programs like Social Security and Medicare. Those two programs are overwhelmingly popular among the American public. A Sept. 2011 [Reuters poll](#) found that more than 70 percent of Americans oppose cuts to those programs.

Budget Snapshot:

Total FY2013 budget \$3.67 trillion

Including

Discretionary \$1.15 trillion

Mandatory \$2.27 trillion

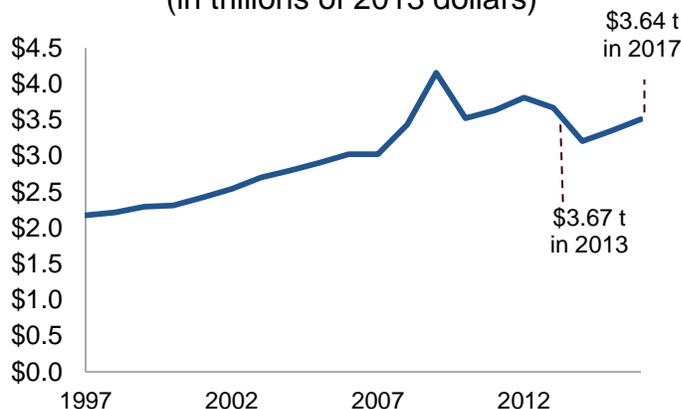
Projecting

Deficit \$901 billion

Top Five Things to Know About the President's Budget:

1. It includes \$350 billion for job creation and worker training
2. The Bush tax cuts expire for people making more than \$250,000
3. Non-military* discretionary spending is \$494 billion, 5 percent less than in 2012
4. Military* spending is \$652 billion. That includes \$525 billion for the Department of Defense base budget, a 2.6 percent decline
5. Total spending declines by 3.7 percent after inflation

Two Decades of the Federal Budget
(in trillions of 2013 dollars)



Source: OMB
National Priorities Project

What Is the President's Budget Request?

The law requires that the president submit a budget proposal to Congress every February. This proposal begins the annual federal budget process. Budget and appropriations committees in the House and Senate then spend months in deliberations that are supposed to culminate in 12 different appropriations bills—each covering a different area of government, like transportation or defense—which together comprise the federal budget. The president then signs the bills into law for the start of the new fiscal year, which begins on Oct. 1. In recent years, however, the budget process has been far more complicated.

Recent Conflict Over the Federal Budget

On Oct. 1, 2010, fiscal year 2011 began with *none* of the usual 12 appropriations bills enacted. Instead, lawmakers used continuing resolutions to fund the government. A continuing resolution is a piece of legislation that temporarily extends funding for federal agencies, usually at the same levels appropriated in the previous year. Congress passed eight continuing resolutions before it passed a 2011 budget, six months into the fiscal year.

Then, in Aug. 2011, the federal government's accumulated debt hit the debt ceiling. The debt ceiling is a limit Congress places on the amount of debt it allows the federal government to hold. That limit has been raised dozens of times since it was initially set in 1917. In 2011, however, many lawmakers said they would not vote to raise the debt ceiling, and instead argued that the right thing to do was to make deep cuts in federal spending.

Failing to raise the debt ceiling would have prevented the Treasury from making interest payments on the government's accumulated debt, thereby forcing the U.S. Treasury to default on its loans.

Ultimately lawmakers did raise the debt ceiling, an agreement that came in the Budget Control Act of 2011. That legislation also mandated \$917 billion in cuts to non-military discretionary spending, and formed the "super committee" to devise a plan for at least \$1.2 trillion in additional deficit reduction over the next 10 years.

But the super committee did not come up with a plan for the mandated deficit reduction. According to the Budget Control Act, their failure to do so triggered sequestration, or automatic spending cuts, to begin in Jan. 2013. Many lawmakers, however, want to avoid sequestration.

President Obama's new budget begins to phase in the \$917 billion in cuts from the Budget Control Act, but it does *not* propose allowing sequestration to take effect. Instead, the president proposes reducing projected deficits by allowing the Bush tax cuts for wealthy Americans to expire, imposing a minimum tax on millionaires, and other measures. The Congressional Budget Office said in January that federal revenues as a percent of national income were at their lowest levels since 1950. The president proposes increasing revenues as the primary means of deficit reduction in coming years.

**The budget is the
president's vision for
the country in 2013
and beyond.**

Why Does the President's Budget Matter?

Many Washington insiders expect that Congress will not pass a 2013 budget that looks anything like the proposal the president released today. In fact, many people expect that Congress will not pass a budget at all, and instead will use continuing resolutions—temporary spending bills—to fund the government through the November elections and into 2013. Why, then, does the president's budget proposal matter?

There are several reasons why the president's budget is important. First, the budget is the president's vision for the country in 2013 and beyond, and it reflects input from every federal agency—about which programs are important and deserve sustained or expanded funding, and which programs can be trimmed or eliminated. In an election year and at a time of conflict over federal spending, the president's budget is in large part a political document—but an important one, because it lays out the president's priorities in great detail.

The president's budget is a political document—but an important one. The federal budget affects everyone.

The budget is also important because it gives a blueprint for how the spending cuts of the Budget Control Act should be distributed among different kinds of federal programs. And it offers a plan for what should be done about the Bush tax cuts, which have been on the books for a decade and have cost the U.S. Treasury trillions of dollars in revenue. Finally, the budget is important because it serves as a benchmark against which all subsequent spending legislation will be measured.

The federal budget affects every single person in the United States, whether through tax rates, infrastructure funding, law enforcement, support for research and education, or social programs. The Federal Priorities Database has the numbers for different kinds of federal spending at the state and county level.

What's Coming Up

Over the coming weeks, National Priorities Project will bring you a wealth of materials analyzing all the numbers of the budget: Where trillions of dollars in tax revenues come from; how the new budget will affect your own state; plus extra detail on spending for health care, education, and the military. Stay tuned.

* In addition to the Department of Defense base budget, National Priorities Project includes the following in calculations of total military spending: Nuclear weapons activities of the Department of Energy; the cost of U.S. military operations; and foreign military assistance.