



President Obama to address ‘bleak’ federal budget outlook with deficit task force

By Sara Wyant

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Washington, Jan. 27 – President Barack Obama is expected to announce the creation of a budget task force to tackle the nation’s growing federal deficit in Wednesday night’s State of the Union address. A proposal backed by the President to create a bipartisan commission to recommend ways to reduce the national debt fell short in the Senate on Tuesday. Although the proposal drew a 53-46 vote, the Senate had earlier agreed that it would need 60 votes to win adoption. The budget commission would have broad authority to recommend changes in the tax code and entitlement programs such as Social Security and Medicare. Obama has previously pledged to set up a commission by executive order if Congress fails to act.

The vote came just hours after the Congressional Budget Office (CBO) released new 10-year budget projections showing the deficit would hit \$1.35 trillion this year, a slight improvement over previous forecasts, but still 9.2% of the nation’s gross domestic product and one of the deepest budget holes since the end of World War II.

“In sum, the outlook for federal budget is bleak,” CBO Director Doug Elmendorf said.

The White House is also expected to announce a three-year freeze in discretionary program spending, which would affect agriculture, and other areas that the administration deems “unrelated” to national security. Slightly less than 20% of USDA programs are discretionary funding. The freeze is estimated to save only about \$15 billion next year but as much as \$250 billion over the next decade.

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